

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
City of Gainesville, Florida
Fiscal Year Ended September 30, 2016**

**Prepared By
The Budget & Finance Department**

ELECTED OFFICIALS

<i>Lauren Poe</i>	<i>Mayor (At Large)</i>
<i>Helen Warren</i>	<i>Mayor-Commissioner Pro-Tem (At Large)</i>
<i>Charles Goston</i>	<i>Commissioner (District 1)</i>
<i>Todd Chase</i>	<i>Commissioner (District 2)</i>
<i>Craig Carter</i>	<i>Commissioner (District 3)</i>
<i>Adrian Hayes-Santos</i>	<i>Commissioner (District 4)</i>
<i>Harvey Budd</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>Kurt M. Lannon</i>	<i>Clerk of the Commission</i>
<i>Carlos Holt</i>	<i>City Auditor</i>
<i>Torey Alston</i>	<i>Equal Opportunity Director</i>

BUDGET & FINANCE PROGRAM STAFF

<i>April Shuping</i>	<i>Finance Director</i>
<i>Amy Spitzer</i>	<i>Assistant Finance Director</i>
<i>Daniel Smierciak</i>	<i>Accounting Manager</i>
<i>Alisa Tolbert</i>	<i>Grants Fiscal Coordinator</i>
<i>Lynn Thigpen</i>	<i>Property Control Specialist</i>
<i>Sandra Frankenberger</i>	<i>Accountant II</i>
<i>Belinda Morris</i>	<i>Account Clerk, Sr.</i>

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March 24, 2017

**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, 2016. The report fulfills the requirements set forth in the *City Code of Ordinances*, Section 2-433; *Florida Statutes*, Chapter 166.241; and the *Rules of the Florida Auditor General*, Chapter 10.550. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, the City Code of Ordinances, and the Government Finance Officers Association.

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

Florida Statutes and the *City Code of Ordinances* require that an annual financial audit be performed by independent certified public accountants. This year the audit was performed jointly by Carr, Riggs & Ingram and Purvis Gray & Company. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2016 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, 2016, the official population estimate was 128,612.

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

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

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

Internal support services include the following:

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

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

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

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

Factors Affecting the City's Financial Condition

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

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

The City's unemployment rate is 4.4%, which is significantly lower than the state and national averages and is a decrease from 4.5% at the same time last year. Enrollment at the University of Florida, the engine for the area's economy, has remained steady with a 2016 fall enrollment of 52,286 students and a record number of applicants for the 2017 summer and fall semesters.

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

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

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

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

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

- A sediment basin and trash trap for Tumblin Creek. A watershed management plan has identified that a significant amount of trash and polluted runoff discharges into Bivens Arm which is listed as an impaired water body by the State. This nearly 300-foot-long regional wetland and trash trap will reduce the amount of pollutants from stormwater runoff from the city being discharged into this impaired water body. The project will consist of a trash trap to filter out heavier trash and a sediment trap to capture sediment that has been transported down Tumblin Creek.
- Investments in technology, including improvements to the City's ERP systems.
- Relocation and rebuilding of an existing fire station (#1).
- Implementation of recurring annual funding for three new areas:
 - Equipment replacement fund
 - Facilities maintenance fund
 - Road resurfacing funds

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Additionally, the City received the Government Finance Officers Association's Award for Distinguished Budget Presentation for its biennial budget for the period started October 1, 2014. The City of Gainesville has received this award consecutively since the fiscal year beginning October 1, 1984. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

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

Respectfully submitted,



Anthony Lyons
City Manager



April Shuping, CPA, CGFO
Finance Director



Government Finance Officers Association

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

Presented to

**City of Gainesville
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

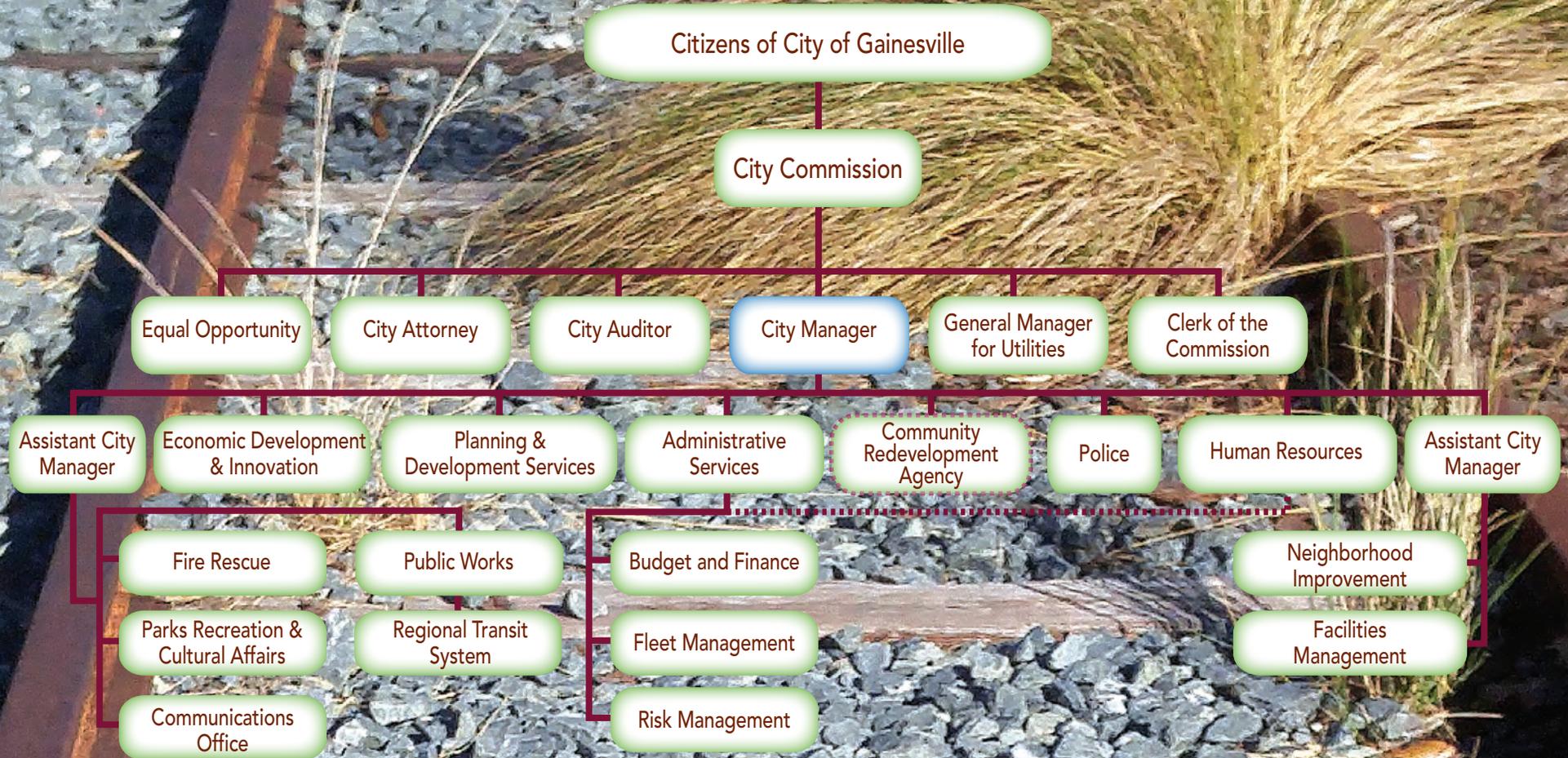
September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF GAINESVILLE

2016 Organization Chart





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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Gainesville, Florida (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Utility Fund, which is both a major fund and 96 percent, 85 percent, and 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.

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Gainesville, Florida
March 24, 2017



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, 2016. Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi - x of this report, and the City's financial statements which begin on page 1.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$716,429,992 (*net position*). This is an increase of 1.07% from fiscal year 2015.
- The City's total net position increased \$7,603,171 as a result of fiscal year 2016 operations.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$92,056,412, a decrease of \$4,148,007 in comparison with the prior year. Of the total ending fund balances, \$51,958,288 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 \$17,050,156.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-87 of this report.

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

City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 89-96 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds, and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 97-173 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 \$716,429,992 at the close of the most recent fiscal year.

City of Gainesville's Net Position						
	Governmental Activities		Business-type Activities		Total	
	FY16	FY15	FY16	FY15	FY16	FY15
Current and other assets	\$ 129,541,107	\$ 134,282,448	\$ 484,426,994	\$ 502,976,032	\$ 613,968,101	\$ 637,258,480
Capital assets	230,268,044	209,026,946	2,242,956,534	2,261,934,725	2,473,224,578	2,470,961,671
Total assets	359,809,151	343,309,394	2,727,383,528	2,764,910,757	3,087,192,679	3,108,220,151
Deferred outflows	28,436,043	17,817,826	133,062,144	130,639,225	161,498,187	148,457,051
Long-term liabilities	223,608,268	203,378,281	2,030,234,741	2,076,246,819	2,253,843,009	2,279,625,100
Other liabilities	17,410,639	17,972,901	173,219,311	173,661,331	190,629,950	191,634,232
Total liabilities	241,018,907	221,351,182	2,203,454,052	2,249,908,150	2,444,472,959	2,471,259,332
Deferred inflows	6,326,051	4,876,508	81,461,864	71,714,541	87,787,915	76,591,049
Net position:						
Net investment in						
capital assets	190,440,482	167,469,862	361,120,054	379,583,536	551,560,536	547,053,398
Restricted	41,905,152	53,090,288	82,756,292	78,925,696	124,661,444	132,015,984
Unrestricted (Deficit)	(91,445,398)	(85,660,620)	131,653,410	115,418,059	40,208,012	29,757,439
Total net position	\$ 140,900,236	\$ 134,899,530	\$ 575,529,756	\$ 573,927,291	\$ 716,429,992	\$ 708,826,821

Approximately 77% of the City's net position reflects its investment in capital assets (e.g., land, utility plant and equipment, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position -- \$124,661,444 or 17% -- represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* -- \$40,208,012 -- may be used to meet the government's ongoing obligations to citizens and creditors.

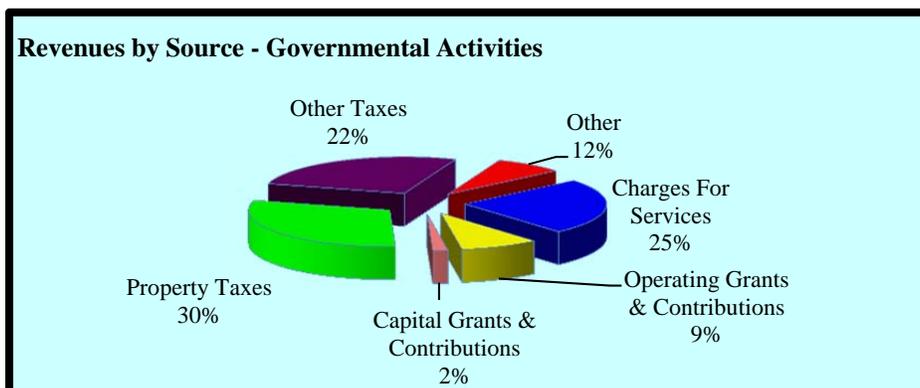
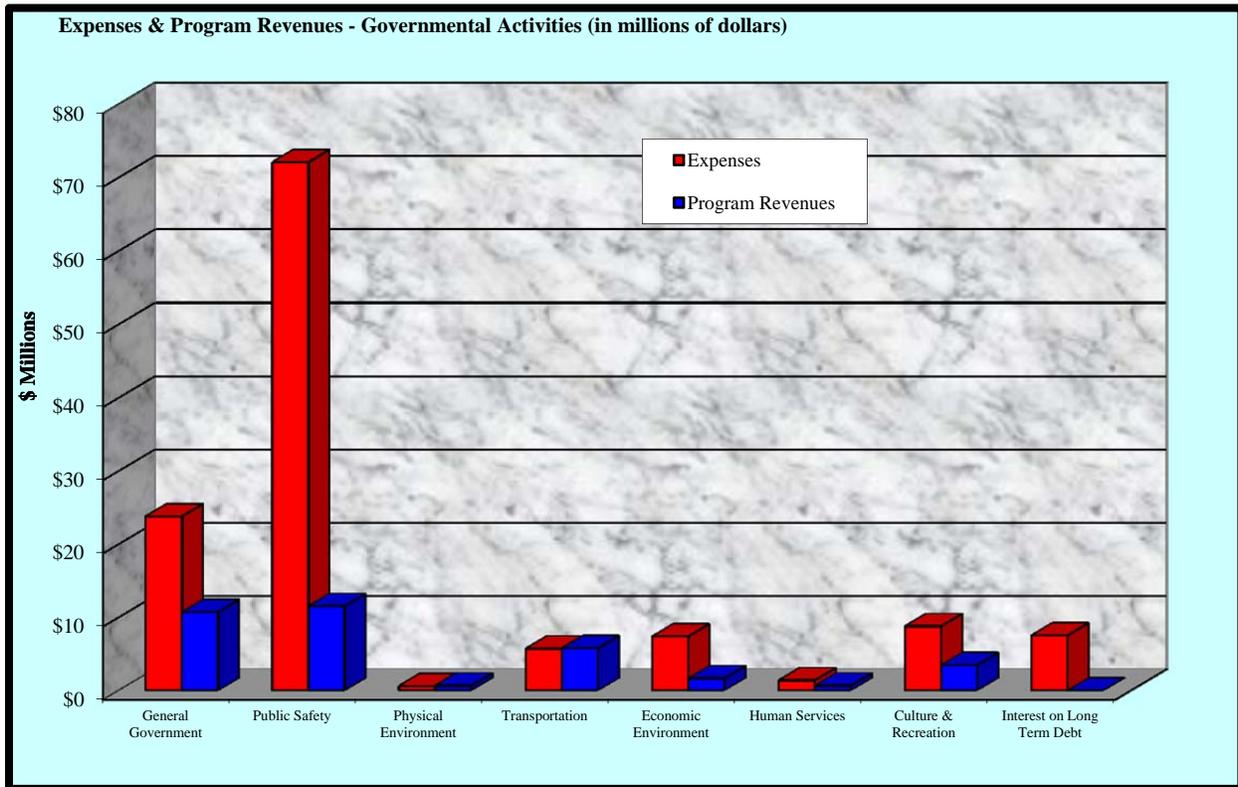
City of Gainesville Changes in Net Position						
	Governmental activities		Business-type activities		Total	
	FY16	FY15	FY16	FY15	FY16	FY15
Revenues:						
Program revenues:						
Charges for services	\$ 24,068,605	\$ 28,239,068	\$ 417,345,917	\$ 415,200,020	\$ 441,414,522	\$ 443,439,088
Operating grants and contrib.	8,809,447	7,169,569	5,828,801	9,435,118	14,638,248	16,604,687
Capital grants and contrib.	1,698,750	3,999,209	5,305,542	1,962,901	7,004,292	5,962,110
General revenues:						
Property taxes	29,161,493	28,558,490	-	-	29,161,493	28,558,490
Other taxes	21,670,989	21,359,992	-	-	21,670,989	21,359,992
State revenue sharing	4,316,493	4,214,442	-	-	4,316,493	4,214,442
Investment gain (loss)	4,176,684	4,712,920	19,569,675	12,109,749	23,746,359	16,822,669
Other revenues	<u>3,567,795</u>	<u>3,849,507</u>	<u>56,319,413</u>	<u>49,594,465</u>	<u>59,887,208</u>	<u>53,443,972</u>
Total revenues	97,470,256	102,103,197	504,369,348	488,302,253	601,839,604	590,405,450
Expenses:						
General government	23,812,563	20,042,296	-	-	23,812,563	20,042,296
Public safety	72,097,913	58,122,081	-	-	72,097,913	58,122,081
Physical environment	637,207	1,007,994	-	-	637,207	1,007,994
Transportation	5,723,450	18,412,980	-	-	5,723,450	18,412,980
Economic environment	7,397,884	5,930,125	-	-	7,397,884	5,930,125
Human services	1,393,939	1,726,374	-	-	1,393,939	1,726,374
Culture & recreation	8,802,512	11,042,060	-	-	8,802,512	11,042,060
Interest on long-term debt	7,113,163	7,216,312	-	-	7,113,163	7,216,312
Electric	-	-	322,959,616	313,776,108	322,959,616	313,776,108
Gas	-	-	21,999,919	23,086,959	21,999,919	23,086,959
Water	-	-	28,179,472	25,990,135	28,179,472	25,990,135
Wastewater	-	-	32,454,104	27,852,572	32,454,104	27,852,572
GRUCom	-	-	12,491,683	13,733,955	12,491,683	13,733,955
Regional transit system	-	-	28,302,063	26,170,257	28,302,063	26,170,257
Stormwater management	-	-	7,504,695	4,795,151	7,504,695	4,795,151
Ironwood golf course	-	-	1,701,930	1,573,460	1,701,930	1,573,460
Florida building code enf.	-	-	2,661,425	2,324,819	2,661,425	2,324,819
Solid waste	-	-	<u>9,002,895</u>	<u>8,623,125</u>	<u>9,002,895</u>	<u>8,623,125</u>
Total expenses	126,978,631	123,500,222	467,257,802	447,926,541	594,236,433	571,426,763
Change in net position before transfers						
	(29,508,375)	(21,397,025)	37,111,546	40,375,712	7,603,171	18,978,687
Transfers	<u>35,509,081</u>	<u>35,622,294</u>	<u>(35,509,081)</u>	<u>(35,622,294)</u>	-	-
Change in net position	6,000,706	14,225,269	1,602,465	4,753,418	7,603,171	18,978,687
Net position - October 1	<u>134,899,530</u>	<u>222,914,589</u>	<u>573,927,291</u>	<u>582,993,145</u>	<u>708,826,821</u>	<u>805,907,734</u>
Restatement	-	(102,240,328)	-	(13,819,272)	-	(116,059,600)
Net assets - October 1, as restated	<u>134,899,530</u>	<u>120,674,261</u>	<u>573,927,291</u>	<u>569,173,873</u>	<u>708,826,821</u>	<u>689,848,134</u>
Net position - September 30	<u>\$ 140,900,236</u>	<u>\$ 134,899,530</u>	<u>\$ 575,529,756</u>	<u>\$ 573,927,291</u>	<u>\$ 716,429,992</u>	<u>\$ 708,826,821</u>

Governmental activities.

- General government expenses increased from prior year due to hiring of new personnel and raises to employees.
- Public safety expenses increased from the prior year due to the net changes in the consolidated pension plan liability due to assumption changes and investment losses from the measurement date.
- Physical environment expenses declined from the prior year due to substantial completion of a sheetflow project last fiscal year.
- Transportation expenses decreased from the prior year due to several large road repair projects which were completed in fiscal year 2015.
- Economic environment expenses increased from the prior year due to additional spending on projects in the Community Redevelopment areas and the completion of Depot Park in fiscal year 2016.
- As in prior years, fiscal year 2016's expenses were dominated by public safety expenses.

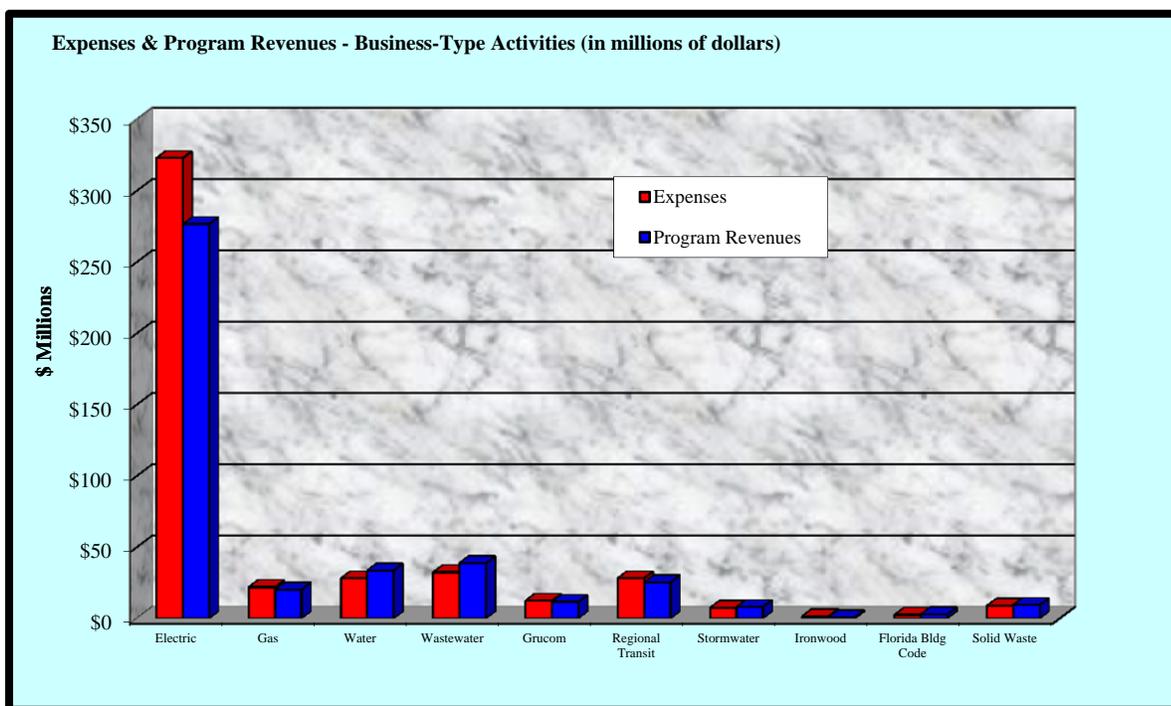
Key elements of governmental activities revenues are as follows:

- The primary decrease in revenues was charges for services which decreased \$4.1 million.



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

- Gross utility plant in service increased \$83 million, or 4.7%, in fiscal year 2016. The increase was due primarily to completion of generation, distribution, and control systems facilities.
- Long-term utility debt decreased \$22.2 million, or 2.3%, in fiscal year 2016, due to scheduled principal payments.
- GRU is completing remediation efforts at a former manufactured gas plant site. The costs incurred to date total \$28.7 million and GRU estimates that total project costs will be approximately \$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 increased \$0.9 million or 0.3% in fiscal year 2016. The increase in sales and service charges is the result of increases associated with sales, modest base rate increases in the water, wastewater, and gas systems offset by a reduction in the fuel adjustment rates.
- Operating expenses increased \$13.5 million or 3.7% in fiscal year 2016. The increase in operating expenses is due to increases in operation, maintenance, and administrative expenses.
- Transfers to rate stabilization were \$2.4 million in fiscal year 2016 as a result of revenue increases.
- The number of customers for electric services increased 0.3%, water services increased 0.9%, wastewater services increased 1%, and gas services increased 1% in fiscal year 2016.
- On October 1, 2016, GRU implemented a 3% increase in the revenue requirement for the water system, a 3% increase for the wastewater system, and a 9% increase for the gas system. The electric system experienced no increase or decrease in the revenue requirement, primarily due to reductions in operating expenses through increased efficiency and management of assets.



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 \$92,056,412, a decrease of \$4,148,007 in comparison with the prior year balance. Approximately 3.5% or \$3,211,999 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 40.1% or \$36,886,125 is *restricted*, indicating that funds can only be spent for specific purposes stipulated by external entities.

Approximately 39.6% (\$3,684,544 and \$32,794,981, respectively) are *committed and assigned* for spending at the government's discretion. The remaining 16.8% or \$15,478,763 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 \$17,050,156 in unassigned fund balance of the general fund, while total fund balance was \$22,840,440. 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 15.8% of total expenditures and transfers out, while total fund balance represents 21.2% of that same amount.

The fund balance of the City's general fund increased \$890,451 during the current fiscal year. The original budget anticipated a decrease of fund balance in fiscal year 2016 of \$989,863 which was subsequently amended to appropriate \$2.8 million of general fund fund balance. The general fund experienced a positive revenue variance of \$548,541 and departmental budgetary savings of \$3,135,310 compared to the final budget. The majority of the increase of revenue can be found in intergovernmental revenue, specifically state revenue sharing while the budgetary savings were split equally between salaries and benefits and operating costs, primarily in general government, public safety and transportation primarily due to vacancies and reduced prices of fuel.

The special revenue funds have a total fund balance of \$31,135,570, which represents an increase of \$2,566,135 from last year's balance. The debt service funds have a total fund balance of \$1,141,037. The net increase in fund balance for the current year for these funds was \$404,872. Fund balance in the capital projects funds decreased by \$8,009,465 to end the fiscal year at \$36,939,365. This decrease is primarily due to the spending on capital projects funded by the Capital Improvement Revenue Bond 2014.

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

General Fund Budgetary Highlights

The difference between the original and final revenue budget was a slight decrease of \$69,264. The difference between the original and final general fund budget for expenditures was an increase of approximately \$1.4 million or 1.5%. There were no significant budget amendments.

The most significant variances between the final budget and actual results for general fund revenues were for intergovernmental revenues which were realized at \$448,608 or 3.6% above budgeted amounts, due to higher state revenue sharing of sales tax due to a slightly better economic environment in the area; and miscellaneous revenue which came in at \$244,024 or 18.3% over budgeted amounts, primarily due to higher unrealized gains than anticipated.

The most significant variances between final budget and actual expenditures are found in general government (\$1,103,079 below budgeted amounts), public safety (\$1,314,071 below budgeted amounts) and transportation (\$900,603 below budgeted amounts). Due to regular budget monitoring, most departments ended the fiscal year with expenditures below budgeted amounts.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2016 totals \$2,473,224,578 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant & equipment (including a capital lease for a biomass electric generation plant), infrastructure, roads, bike paths and sidewalks. Major capital asset events during the fiscal year include:

- Approximately \$10.7 million in road maintenance, repair, construction and drainage construction and maintenance.

- Acquisition of about \$3.4 million in vehicles for the fleet. \$2.3 million of that total was spent on public safety vehicles.
- Parks and recreation projects totaling \$5.4 million including Depot Park improvements of nearly \$3.0 million.
- GRU initially recorded a capital lease asset during fiscal year 2014 when GREC began commercial operations in December 2013. The capital lease asset was recorded at \$1 billion at September 30, 2016.
- Electric generation capital expenditures were \$10 million for fiscal year 2016. These expenditures included \$2.7 million for the John R Kelly (JRK) generating station and \$7.3 million for the Deerhaven (DH) generation station.
- Electric transmission and distribution expansion was \$13.5 million in 2016 of which \$6.3 million was spent on underground system improvements.
- Water capital expenditures were \$7.2 million in fiscal year 2016 with \$2.4 million for supply, pumping and treatment and \$4.1 million for transmission and distribution.
- Wastewater capital expenditures were \$16.9 million in 2016. This included \$8.5 million spent on the Kanapaha Biosolids Dewatering program.
- Gas distribution expansion expenditures were \$3.1 million in 2016. This expansion included expenditures of \$1.1 million in gas distribution mains, \$0.8 million in residential gas services, and \$0.7 million in meter change outs.

City of Gainesville's Capital Assets (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	FY16	FY15	FY16	FY15	FY16	FY15
Land	\$ 33,867,429	\$ 32,972,164	\$ 9,464,437	\$ 7,314,253	\$ 43,331,866	\$ 40,286,417
Utility P&E	-	-	1,121,981,976	1,087,676,600	1,121,981,976	1,087,676,600
Utility Capital Lease	-	-	913,255,170	946,815,462	913,255,170	946,815,462
Buildings	49,556,455	49,724,025	40,654,564	40,491,247	90,211,019	90,215,272
Improvements	10,131,525	9,300,730	2,708,598	1,908,238	12,840,123	11,208,968
Mach & equip	15,301,584	13,724,691	17,196,405	18,635,355	32,497,989	32,360,046
Infrastructure	104,211,194	77,104,400	21,800,794	22,117,520	126,011,988	99,221,920
Const in prog	17,199,857	26,200,936	115,894,590	136,976,050	133,094,447	163,176,986
Total	\$ 230,268,044	\$ 209,026,946	\$ 2,242,956,534	\$ 2,261,934,725	\$ 2,473,224,578	\$ 2,470,961,671

Additional information on the City's capital assets can be found in Note 8 on pages 70-71 of this report.

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

City of Gainesville's Outstanding Bonded Debt			
	Governmental activities	Business-type activities	Total
Pension obligation bonds	\$ 75,845,401	\$ -	\$ 75,845,401
Revenue bonds & notes	54,985,361	954,264,668	1,009,250,029
Total	\$ 130,830,762	\$ 954,264,668	\$ 1,085,095,430

- The City issued \$6.6 million in revenue notes in fiscal year 2016 for gas tax funded projects.
- The City's total bonded debt decreased by approximately \$22.5 million, or 2.0% during the current fiscal year through scheduled principal payments.
- The City issued \$11.9 million in revenue refunding notes in fiscal year 2016 to refinance the First Florida Governmental Financing Commission Loans Series 2005 and 2007 and the Capital Improvement Revenue Note Series 2009 for a Net Present Value savings of \$1.0 million.

The Utility has ratings of Aa2, AA-, and AA- with Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, for utility system revenue bonds. The Utility has ratings of P-2 or better, A-2 or better, and F2 or better with Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, for commercial paper notes. In November 2015, Standard & Poor's lowered its ratings on long-term debt from AA to AA- citing GRU's commitment to making fixed payments to GREC.

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

Additional information on the City's long-term debt can be found in Note 7 on pages 58-69 of this report.

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

- GRU management, with the approval of the City Commission, entered into a long-term contract to obtain dependable capacity, energy, and environmental attributes from GREC's 100 megawatt biomass fueled power plant. The facility is located on a portion of land leased from GRU's Deerhaven power plant site and is owned by a third party. The plant became commercially operable in December 2013.
- On March 10, 2016, arbitration was filed by GREC with the American Arbitration Association (AAA) against GRU alleging that GREC did not have to perform a scheduled annual Planned Maintenance outage for April 2016. Prior to the dispute and the arbitration being filed with the AAA, GRU and GREC mutually agreed in writing to an annual Planned Maintenance Outage for twenty-one days, scheduled to take place April 9-29, 2016. GREC unilaterally cancelled the twenty-one day mutually agreed upon annual Planned Maintenance outage. Section 10.4.1(a) of the Power Purchase Agreement (PPA) requires GREC to submit a written annual maintenance plan containing its forecast of planned maintenance for the coming year no later than sixty (60) days prior to the start of each calendar year. Any and all changes to such plan shall be mutually agreeable to GREC and GRU. In April of 2016, GRU withheld \$4.1 million in Available Energy invoice payments related to the agreed upon annual Planned Maintenance outage. As of September 30, 2016, GRU has withheld approximately \$6.8 million for various commercial disputes related to the PPA. Both GRU and GREC have filed motions for summary judgment on several of the claims, and the briefing schedule on dispositive motions runs through January 24, 2017. For those outstanding claims that are not resolved by summary judgment, the arbitration hearing is scheduled for two weeks in June 2017, in Gainesville, Florida. Management believes that GRU has valid defenses to the claims, and GRU is vigorously defending such action. Due to the uncertainties of arbitration GRU, at this stage, cannot offer an opinion as to likely outcomes of the arbitration or the effect thereof. In the event, however, that this action is determined adversely to GRU, Management believes that such determination will not have a material adverse effect on the financial condition of GRU. See Note 13 Commitments and Contingencies for additional information.

Economic Factors and Next Year's Budgets and Rates

Some of the significant factors considered in preparing the City's fiscal year 2017 budget were:

- The transfer to the General Fund from the Utility accounts for approximately 33% of General Fund revenues, and is based on formulas approved by the City Commission. During the FY 2015 budget process, an amended transfer formula was adopted by the City Commission. The formula uses its base equal to the FY 2014 transfer, a growth rate at 1.5% and reduced by the property tax received for the biomass plant. The same formula was used for FY 2017.
- Property tax revenues have flattened due to a combination of legislative action and a soft real estate market. The taxable values have begun a slow rebound, which combined with robust new construction results in the

FY 2017 plan anticipating about a 4% growth. The growth is primarily composed of approximately \$200 million of appreciation value of existing properties along with \$51 million in new construction. The City Commission approved of keeping the millage rate at 4.5079.

- Utility tax revenues are generated through taxes levied on utility customers within the City's corporate limits. The FY 2017 forecast of utility tax revenues is projected to be about 0.85% increase over fiscal year 2016.
- Charges for services include a wide variety of sources. To keep with the increases in costs in these services, the City's practice has historically been to increase most user fees by 5% every other year. The FY 2017 plan includes no increases and a reduction in Landlord License fees.
- Two significant revenues which are expected to improve are State Revenue Sharing and Half Cent Sales Tax which are projected to generate just under 5% more revenue in FY 2017.
- The City Commission maintained the fire assessment, which was added in FY 2011, bringing needed diversification to the revenue base during a period of generally flat revenue growth. Gainesville has the highest percentage of property off the tax roll of any municipality in Florida, with 59% of the value of property exempt. The fire assessment broadens the base of those who pay for services delivered by the City. This is expected to generate approximately \$5.4 million in FY 2017.
- Pension liabilities are long-term in nature and the investment plan and asset allocation strategy to fund these liabilities should be long-term as well. To that end, approximately 70% of the plan assets of the City's two defined benefit pension plans are invested in equities. The City has negotiated and implemented pension reform for the General and Consolidated Police & Fire pension plans to mitigate the increases in contributions due to poor market performance during the recession and changing employee and retiree demographics.
- The FY 15-19 capital improvement plan includes over \$18 million in new funding to address infrastructure and other capital needs. One key feature of this plan is the establishment of recurring funding earmarked for equipment replacement, facilities maintenance and road resurfacing. In FY 2015, three new capital projects funds were established to facilitate the recurring maintenance of the City's facilities, equipment replacement and road maintenance.
- Fiscal year 2017 the City's major capital improvements include \$4.5 million in additional funding for fire station 1 and \$7.0 million for a new ERP system.
- Two of every three area jobs are supplied by the government, education and health services sectors. Such an economic structure tends to mitigate the impact of external economic stimuli. Gainesville's economy does not rise as much as the national average during economic expansions, nor fall as much during economic declines.
- This area's primary economic engine, the University of Florida (UF) has a number of ambitious expansion plans in progress which will contribute to long-term growth for the City. UF had a record number of applicants for the 2017 summer and fall semesters.
- The Standard, a major residential housing and retail project began construction in early 2016 with expected completion in the summer of 2017.
- 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 2017 fiscal year budget are as follows:

- The primary factors currently affecting the utility industry include environmental regulations, restructuring of the wholesale energy markets, the formation of independent bulk power transmission systems, the formation of an Electric Reliability Organization (ERO) under Federal Energy Regulatory Commission jurisdiction, and the increasing strategic and price differences among various types of fuels. No state or federal legislation is pending or proposed at this time for retail competition in Florida.
- Utilities, and particularly electric utilities, are subject to increasing federal, state, and local statutory and regulatory requirements with respect to the siting and licensing of facilities, safety and security, air and water quality, land use, and other environmental factors.
- On October 26, 2016, the EPA published an update to the Cross-State Air Pollution Rule ("CSAPR"). For three states, including Florida, the EPA is removing them from the CSAPR ozone season NOx trading program because modeling for the Final Rule indicates that these states do not contribute significantly to ozone air quality problems in downwind states. Therefore, GRU will not have to meet any ozone season limits in 2017 and probably 2018. See Note 13 Commitments and Contingencies for additional information.

- In late 2011, the EPA promulgated the Mercury and Air Toxics Standards (MATS) to reduce emissions of toxic air pollutants from power plants which faced several legal challenges including a decision on June 29, 2015, by the U.S. Supreme Court reversing the District of Columbia Circuit Court's decision to uphold the EPA's rule establishing the standards. But since the Supreme Court did not vacate the rule, the MATS rule remained in effect. On April 14, 2016, the Administrator of the EPA signed the final supplemental finding in the MATS rule and concluded it is proper to regulate mercury emissions from power plants. GRU's Deerhaven (DH) Unit #2 is the only generation unit affected by the MATS rule and air quality control systems are currently in place at DH which enables this station to comply with these standards at a known cost for operations and reagents. See Note 13 Commitments and Contingencies for additional information.
- Legislation and regulation at the federal level has been proposed to mandate the use of renewable energy and to constrain the emission of greenhouse gases. GRU's institution of a solar feed-in-tariff and contract to purchase power from a 100 megawatt biomass fueled power plant will hedge against these uncertainties.
- GRU's long-term energy supply strategy is to encourage maximum cost effective energy conservation, renewable energy in combination with GRU owned generation, and purchased power while managing potential regulatory requirements. Based on the most recent forecasts, GRU has adequate reserves of generating capacity to meet forecasted loads plus a reserve margin through 2022. This forecast incorporates new population forecasts and changed economic circumstances.

Requests for Information

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



CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	GEZDA
ASSETS				
Cash and cash equivalents	\$ 522,000	\$ 6,950	\$ 528,950	\$ -
Equity in pooled cash and investments	100,409,921	75,241,585	175,651,506	5,417
Investments	1,515,587	-	1,515,587	-
Receivables	7,271,218	56,146,600	63,417,818	-
Internal balances	(1,424,257)	1,424,257	-	-
Inventories	217,898	16,419,348	16,637,246	-
Prepays	23,204	-	23,204	-
Other assets and regulatory assets	-	1,822,993	1,822,993	-
Assets held for evidence	315,251	-	315,251	-
Other noncurrent assets	-	130,446,767	130,446,767	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	1,782,671	202,918,494	204,701,165	-
Negative net OPEB obligation asset	18,907,614	-	18,907,614	-
Capital assets (net of accumulated depreciation):				
Utility plant and equipment	-	1,121,981,976	1,121,981,976	-
Utility plant and equipment - under capital lease	-	913,255,170	913,255,170	-
Buildings	49,556,455	40,654,564	90,211,019	-
Improvements other than buildings	10,131,525	2,708,598	12,840,123	-
Machinery and equipment	15,301,584	17,196,405	32,497,989	-
Infrastructure	104,211,194	21,800,794	126,011,988	-
Capital assets (not depreciated):				
Land	33,867,429	9,464,437	43,331,866	-
Construction in progress	17,199,857	115,894,590	133,094,447	-
Total assets	<u>359,809,151</u>	<u>2,727,383,528</u>	<u>3,087,192,679</u>	<u>5,417</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of bonds	2,365,760	24,766,323	27,132,083	-
Accumulated decrease in fair value of hedging derivatives	-	81,362,499	81,362,499	-
Deferred amounts related to pensions	26,070,283	26,933,322	53,003,605	-
Total deferred outflows of resources	<u>28,436,043</u>	<u>133,062,144</u>	<u>161,498,187</u>	<u>-</u>

(CONTINUED)

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	GEZDA
LIABILITIES				
Accounts payable	15,285,875	28,702,761	43,988,636	-
Accounts payable - payroll	-	1,291,768	1,291,768	-
Accrued interest payable	250,332	-	250,332	-
Unearned revenue	91,761	-	91,761	-
Fuel adjustment	-	14,831,564	14,831,564	-
Liabilities payable from restricted assets:				
Accrued interest payable	-	18,516,765	18,516,765	-
Other liabilities payable from restricted assets	1,782,671	19,093,159	20,875,830	-
Long-term debt due within one year	7,652,126	140,086,082	147,738,208	-
Long-term debt due in more than one year	128,068,638	1,797,091,819	1,925,160,457	-
Net pension liability	87,887,504	93,056,840	180,944,344	-
Other noncurrent liabilities	-	3,603,000	3,603,000	-
Fair value of derivative instruments	-	87,180,294	87,180,294	-
Total liabilities	241,018,907	2,203,454,052	2,444,472,959	-
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	-	74,077,388	74,077,388	-
Business taxes not yet earned	611,970	-	611,970	-
Deferred amounts related to pensions	5,714,081	7,384,476	13,098,557	-
Total deferred inflows of resources	6,326,051	81,461,864	87,787,915	-
NET POSITION				
Net investment in capital assets	190,440,482	361,120,054	551,560,536	-
Restricted for:				
Debt service	-	23,135,000	23,135,000	-
Capital projects	21,608,333	-	21,608,333	-
Utility plant improvement	-	58,792,082	58,792,082	-
Tax increment zones	16,542,667	-	16,542,667	-
Federal and state grants	2,223,422	-	2,223,422	-
Cemetery care	1,530,730	-	1,530,730	-
Other purposes	-	829,210	829,210	-
Unrestricted	(91,445,398)	131,653,410	40,208,012	5,417
Total net position	\$ 140,900,236	\$ 575,529,756	\$ 716,429,992	\$ 5,417

(CONCLUDED)

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET(EXPENSE)REVENUE AND CHANGES IN NET POSITION			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	GEZDA
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 23,812,563	\$ 10,423,187	\$ 303,857	\$ -	\$ (13,085,519)	\$ -	\$ (13,085,519)	\$ -
Public safety	72,097,913	8,464,495	1,750,664	1,349,590	(60,533,164)	-	(60,533,164)	-
Physical environment	637,207	61,919	613,862	-	38,574	-	38,574	-
Transportation	5,723,450	2,544,865	2,991,726	259,009	72,150	-	72,150	-
Economic environment	7,397,884	329,245	1,343,261	-	(5,725,378)	-	(5,725,378)	-
Human services	1,393,939	-	670,452	-	(723,487)	-	(723,487)	-
Culture & recreation	8,802,512	2,244,894	1,135,625	90,151	(5,331,842)	-	(5,331,842)	-
Interest on long-term debt	7,113,163	-	-	-	(7,113,163)	-	(7,113,163)	-
Total governmental activities	126,978,631	24,068,605	8,809,447	1,698,750	(92,401,829)	-	(92,401,829)	-
Business-type activities:								
Electric	322,959,616	276,623,151	-	-	-	(46,336,465)	(46,336,465)	-
Gas	21,999,919	20,293,166	-	-	-	(1,706,753)	(1,706,753)	-
Water	28,179,472	33,048,659	-	676,636	-	5,545,823	5,545,823	-
Wastewater	32,454,104	38,181,350	-	787,827	-	6,515,073	6,515,073	-
GRUCom	12,491,683	11,684,200	-	-	-	(807,483)	(807,483)	-
Regional Transit System	28,302,063	16,220,665	5,828,801	3,382,940	-	(2,869,657)	(2,869,657)	-
Stormwater Management	7,504,695	7,753,413	-	379,844	-	628,562	628,562	-
Ironwood Golf Course	1,701,930	895,996	-	78,295	-	(727,639)	(727,639)	-
Florida Building Code Enforcement	2,661,425	3,096,496	-	-	-	435,071	435,071	-
Solid Waste	9,002,895	9,548,821	-	-	-	545,926	545,926	-
Total business-type activities	467,257,802	417,345,917	5,828,801	5,305,542	-	(38,777,542)	(38,777,542)	-
Total primary government	\$ 594,236,433	\$ 441,414,522	\$ 14,638,248	\$ 7,004,292	(92,401,829)	(38,777,542)	(131,179,371)	-
COMPONENT UNIT								
Gainesville Enterprise Zone Development Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General revenues:								
Property taxes					29,161,493	-	29,161,493	-
Franchise & utility taxes					10,515,151	-	10,515,151	-
Communications services tax					3,894,908	-	3,894,908	-
Half cent sales tax					7,260,930	-	7,260,930	-
State revenue sharing (unrestricted)					4,316,493	-	4,316,493	-
Gain on sale of capital assets					7,232	-	7,232	-
Other unrestricted general revenues					3,560,563	56,319,413	59,879,976	-
Investment gain					4,176,684	19,569,675	23,746,359	107
Transfers					35,509,081	(35,509,081)	-	-
Total general revenues and transfers					98,402,535	40,380,007	138,782,542	107
Change in net position					6,000,706	1,602,465	7,603,171	107
Net position - beginning of year					134,899,530	573,927,291	708,826,821	5,310
Net position - end of year					\$ 140,900,236	\$ 575,529,756	\$ 716,429,992	\$ 5,417

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

CITY OF GAINESVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Equity in pooled cash and investments	\$ 9,564,837	\$ 71,106,429	\$ 80,671,266
Restricted cash	1,782,671	-	1,782,671
Investments	-	1,515,587	1,515,587
Receivables	3,582,349	3,686,980	7,269,329
Due from other funds	11,618,037	415	11,618,452
Advances to other funds	2,095,283	-	2,095,283
Inventories	54,848	-	54,848
Assets held for evidence	-	315,251	315,251
Total assets	<u>\$ 28,698,025</u>	<u>\$ 76,624,662</u>	<u>\$ 105,322,687</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,462,944	\$ 3,015,329	\$ 6,478,273
Deposits	1,782,671	-	1,782,671
Due to other funds	-	2,141,631	2,141,631
Unearned revenues	-	91,761	91,761
Advances from other funds	-	2,095,283	2,095,283
Total liabilities	<u>5,245,615</u>	<u>7,344,004</u>	<u>12,589,619</u>
DEFERRED INFLOWS OF RESOURCES			
Business taxes not yet earned	611,970	-	611,970
Deferred revenue-notes receivable	-	59,838	59,838
Deferred revenue-assessments net yet available	-	4,848	4,848
Total deferred inflows of resources	<u>611,970</u>	<u>64,686</u>	<u>676,656</u>
FUND BALANCES			
Nonspendable	2,238,498	973,501	3,211,999
Restricted	-	36,886,125	36,886,125
Committed	-	3,684,544	3,684,544
Assigned	3,551,786	29,243,195	32,794,981
Unassigned	17,050,156	(1,571,393)	15,478,763
Total fund balances	<u>22,840,440</u>	<u>69,215,972</u>	<u>92,056,412</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,698,025</u>	<u>\$ 76,624,662</u>	<u>\$ 105,322,687</u>

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances: governmental funds balance sheet	\$	92,056,412
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. The cost of the assets is \$388,125,272 and the accumulated depreciation is \$173,155,604. This excludes internal service fund capital assets which are included in the internal service fund adjustment below.		214,969,670
Long term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities of internal service funds are included in the internal service fund adjustment below. Other governmental long-term liabilities at year end consist of:		
Bonds and promissory notes payable	130,830,762	
Capital lease payable	173,550	
Compensated absences	3,639,937	
Net pension liability	<u>84,614,307</u>	(219,258,556)
Deferred outflows and inflows of resources are not available in the current period and , therefore, are not reported in the government funds. Deferred outflows and inflows of resources at year-end consist of:		
Deferred outflow amount on debt refunding	2,365,760	
Deferred outflow amount on pension liabilities	25,169,799	
Deferred inflow amount on pension liabilities	<u>(5,467,189)</u>	22,068,370
Governmental funds do not report a liability for accrued interest until it is due and payable. Accrued interest must be reported as a liability in the government-wide financial statements.		(250,332)
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	10,584	
Premiums	<u>(964,697)</u>	(954,113)
Unavailable revenue is deferred in governmental funds but not in the government-wide financial statements		64,686
Negative net OPEB obligation assets created through treatment of Taxable OPEB Bonds as employer contributions to OPEB plans are not recognized in the funds.		
Negative net OPEB obligation asset		18,907,614
Internal service funds are used by management to charge the costs of fleet management, general insurance, employees health insurance, and retirees health insurance. The assets and liabilities of the internal service funds, including net capital assets of \$15,298,375, compensated absences liabilities of \$122,402, deferred outflows related to pension of \$900,484, deferred inflows related to pensions of \$246,892 and net pension liability of \$3,273,197 are included in governmental activities in the statement of net position.		<u>13,296,485</u>
Net position of governmental activities	\$	<u>140,900,236</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, 2016

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes	\$ 41,402,447	\$ 4,052,653	\$ 45,455,100
Licenses and permits	943,444	-	943,444
Intergovernmental	13,023,993	13,180,083	26,204,076
Charges for services	15,081,655	1,896,238	16,977,893
Fines and forfeitures	1,228,781	254,463	1,483,244
Miscellaneous	1,580,219	4,011,919	5,592,138
Total revenues	<u>73,260,539</u>	<u>23,395,356</u>	<u>96,655,895</u>
EXPENDITURES			
Current:			
General government	16,044,498	725,328	16,769,826
Public safety	55,699,775	3,025,710	58,725,485
Physical environment	187,153	(8,005)	179,148
Transportation	11,174,274	3,183,083	14,357,357
Economic environment	414,883	5,695,132	6,110,015
Human services	99,320	1,255,508	1,354,828
Culture and recreation	7,723,176	3,072,627	10,795,803
Debt service:			
Principal	-	6,205,471	6,205,471
Interest and fiscal charges	-	6,963,319	6,963,319
Advance refunding escrow	-	2,027,758	2,027,758
Bond issuance costs	-	78,691	78,691
Capital outlay	-	19,494,913	19,494,913
Total expenditures	<u>91,343,079</u>	<u>51,719,535</u>	<u>143,062,614</u>
Excess of revenues over(under) expenditures	<u>(18,082,540)</u>	<u>(28,324,179)</u>	<u>(46,406,719)</u>
OTHER FINANCING SOURCES(USES)			
Debt issuance	-	18,600,000	18,600,000
Transfers in	35,615,727	28,180,193	63,795,920
Transfers out	(16,642,736)	(11,569,327)	(28,212,063)
Payment to refunded bond escrow agent	-	(11,925,145)	(11,925,145)
Total other financing sources(uses)	<u>18,972,991</u>	<u>23,285,721</u>	<u>42,258,712</u>
Net change in fund balances	890,451	(5,038,458)	(4,148,007)
Fund balances - beginning	<u>21,949,989</u>	<u>74,254,430</u>	<u>96,204,419</u>
Fund balances - ending	<u>\$ 22,840,440</u>	<u>\$ 69,215,972</u>	<u>\$ 92,056,412</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, 2016

Net changes in fund balances - total governmental funds	\$	(4,148,007)
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.		28,226,850
This is the depreciation expense recorded in the current period, excluding internal service fund activity.		(8,171,617)
Issuance of long-term debt provides current financial resources to governmental funds. These transactions have no effect on net position. This is the amount of long-term debt issued in the current period.		
		(18,600,000)
Proceeds of other post-employment benefit obligation bonds issued during FY2005 were contributed to the OPEB plan to retire the unfunded obligation. This transaction resulted in contributions in excess of the required amounts which results in the reporting of an asset on the Statement of Net Position. On the Statement of Activities, the impact is the change in the Negative Net OPEB Obligation during the current fiscal year.		
Change in Negative Net OPEB Obligation		1,238,400
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net position. This is the amount of repayment of principal of long-term debt.		
		18,780,471
Governmental funds report the effect of bond premiums and discounts when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of the effect of the difference in treatment of bond premiums and discounts.		
Amortization of bond premiums	101,352	
Amortization of bond discounts	<u>(26,540)</u>	74,812
Losses on refundings of debt are reported in governmental activities but not in governmental funds.		
Loss on refunding for debt issued in FY16	1,377,903	
Amortization of loss on refunding	(182,544)	1,195,359
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	(20,671,669)	
Change in deferred outflows related to pensions	9,596,297	
Change in deferred inflows related to pensions	<u>(1,063,186)</u>	(12,138,558)
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.		
		(39,829)
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.		
		36,579
Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. A portion of the net revenue of certain activities of internal service funds is reported in governmental activities.		
		<u>(453,754)</u>
Change in net position of governmental activities	\$	<u>6,000,706</u>

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			GOVERNMENTAL
	<u>Utility</u>	Other Enterprise <u>Funds</u>	<u>Totals</u>	ACTIVITIES - Internal <u>Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 6,950	\$ 6,950	\$ 522,000
Equity in pooled cash and investments	62,635,050	12,606,535	75,241,585	19,738,655
Receivables	49,351,371	6,795,229	56,146,600	1,897
Due from other funds	-	1,208,532	1,208,532	480,025
Inventories	15,108,772	1,310,576	16,419,348	163,050
Prepaid expenses	-	-	-	23,204
Other assets and regulatory assets	1,822,993	-	1,822,993	-
Restricted assets - cash and investments	148,865,190	-	148,865,190	-
Total current assets	<u>277,783,376</u>	<u>21,927,822</u>	<u>299,711,198</u>	<u>20,928,831</u>
Noncurrent assets:				
Restricted assets - cash and investments	54,053,304	-	54,053,304	-
Other noncurrent assets	130,446,767	-	130,446,767	-
Capital assets (net of accumulated depreciation):				
Utility plant & equipment	1,121,981,976	-	1,121,981,976	-
Utility plant & equipment - under capital lease	913,255,170	-	913,255,170	-
Buildings	-	40,654,564	40,654,564	3,228,569
Improvements other than buildings	-	2,708,598	2,708,598	1,154,665
Machinery and equipment	-	17,196,405	17,196,405	10,035,784
Infrastructure	-	21,800,794	21,800,794	247,794
Capital assets (not depreciated):				
Land	-	9,464,437	9,464,437	631,563
Construction in progress	109,692,217	6,202,373	115,894,590	-
Total capital assets	<u>2,144,929,363</u>	<u>98,027,171</u>	<u>2,242,956,534</u>	<u>15,298,375</u>
Total noncurrent assets	<u>2,329,429,434</u>	<u>98,027,171</u>	<u>2,427,456,605</u>	<u>15,298,375</u>
Total assets	<u>2,607,212,810</u>	<u>119,954,993</u>	<u>2,727,167,803</u>	<u>36,227,206</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of bonds	24,766,323	-	24,766,323	-
Accumulated decrease in fair value of hedging derivatives	81,362,499	-	81,362,499	-
Deferred amounts related to pensions	20,954,810	5,978,512	26,933,322	900,484
Total deferred outflows of resources	<u>127,083,632</u>	<u>5,978,512</u>	<u>133,062,144</u>	<u>900,484</u>

(CONTINUED)

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - Internal Service Funds
	<u>Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	26,217,446	2,485,315	28,702,761	8,749,735
Accounts payable - payroll	968,290	323,478	1,291,768	57,868
Due to other funds	4,889,580	6,275,798	11,165,378	-
Current portion of long-term debt	18,592,582	358,500	18,951,082	4,708
Fuel adjustment	14,831,564	-	14,831,564	-
Current liabilities payable from restricted assets:				
Utility deposits	9,879,734	-	9,879,734	-
Accrued interest payable	18,516,765	-	18,516,765	-
Current portion of long-term debt	121,135,000	-	121,135,000	-
Other liabilities payable from restricted assets	9,213,425	-	9,213,425	-
Total current liabilities	<u>224,244,386</u>	<u>9,443,091</u>	<u>233,687,477</u>	<u>8,812,311</u>
Noncurrent liabilities:				
Long-term debt	1,791,156,743	5,935,076	1,797,091,819	117,694
Fair value of derivative instruments	87,180,294	-	87,180,294	-
Net pension liability	71,325,377	21,731,463	93,056,840	3,273,197
Other noncurrent liabilities	3,603,000	-	3,603,000	-
Total noncurrent liabilities	<u>1,953,265,414</u>	<u>27,666,539</u>	<u>1,980,931,953</u>	<u>3,390,891</u>
Total liabilities	<u>2,177,509,800</u>	<u>37,109,630</u>	<u>2,214,619,430</u>	<u>12,203,202</u>
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	74,077,388	-	74,077,388	-
Deferred amounts related to pensions	5,745,310	1,639,166	7,384,476	246,892
Total deferred inflows of resources	<u>79,822,698</u>	<u>1,639,166</u>	<u>81,461,864</u>	<u>246,892</u>
NET POSITION				
Net investment in capital assets	265,322,741	95,797,313	361,120,054	15,298,375
Restricted for:				
Debt service	23,135,000	-	23,135,000	-
Utility plant improvement	58,792,082	-	58,792,082	-
Capital improvement surcharge	-	101,599	101,599	-
RTS grant	-	468,600	468,600	-
Other	259,011	-	259,011	-
Unrestricted	129,455,110	(9,182,803)	120,272,307	9,379,221
Total net position	<u>\$ 476,963,944</u>	<u>\$ 87,184,709</u>	<u>\$ 564,148,653</u>	<u>\$ 24,677,596</u>

(CONCLUDED)

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total net position of Enterprise Funds on the statement of net position of proprietary funds	\$ 564,148,653
 Internal service funds are used by management to charge the costs of fleet management, general insurance, and employee health insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants.	<u>11,381,103</u>
Net position of business-type activities	<u>\$ 575,529,756</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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	Utility	Other Enterprise Funds	Totals	ACTIVITIES - Internal Service Funds
Operating revenues:				
Sales and service charges	\$ 379,830,526	\$ 37,515,391	\$ 417,345,917	\$ 18,811,533
Employer contributions	-	-	-	12,179,170
Employee contributions	-	-	-	6,861,979
Other operating revenues	53,987,281	319,321	54,306,602	1,882,159
Total operating revenues	<u>433,817,807</u>	<u>37,834,712</u>	<u>471,652,519</u>	<u>39,734,841</u>
Operating expenses:				
Operations and maintenance	230,128,599	39,205,759	269,334,358	9,785,405
Administrative and general	50,506,178	3,813,594	54,319,772	2,324,903
Depreciation and amortization	99,343,149	5,763,197	105,106,346	2,241,722
Benefits paid and other expenses	-	-	-	26,943,556
Total operating expenses	<u>379,977,926</u>	<u>48,782,550</u>	<u>428,760,476</u>	<u>41,295,586</u>
Operating income (loss)	<u>53,839,881</u>	<u>(10,947,838)</u>	<u>42,892,043</u>	<u>(1,560,745)</u>
Nonoperating revenues (expenses):				
Investment income	19,360,108	209,575	19,569,683	540,699
Interest expense	(37,811,533)	(228,201)	(38,039,734)	-
Local option gas tax	-	2,012,811	2,012,811	-
Operating grants	-	5,828,801	5,828,801	-
Total nonoperating revenue (expenses)	<u>(18,451,425)</u>	<u>7,822,986</u>	<u>(10,628,439)</u>	<u>540,699</u>
Income (loss) before capital contributions and transfers	35,388,456	(3,124,852)	32,263,604	(1,020,046)
Capital contributions	1,464,463	3,841,079	5,305,542	183,477
Transfers in	-	1,996,032	1,996,032	-
Transfers out	<u>(34,994,591)</u>	<u>(2,510,522)</u>	<u>(37,505,113)</u>	<u>(74,776)</u>
Change in net position	1,858,328	201,737	2,060,065	(911,345)
Net position - beginning of year	<u>475,105,616</u>	<u>86,982,972</u>	<u>562,088,588</u>	<u>25,588,941</u>
Net position - end of year	<u>\$ 476,963,944</u>	<u>\$ 87,184,709</u>	<u>\$ 564,148,653</u>	<u>\$ 24,677,596</u>

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Change in net position - Enterprise Funds	\$ 2,060,065
<p>Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. A portion of the net revenue of certain activities of internal service funds is reported in business-type activities.</p>	
Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants.	<u>(457,600)</u>
Change in net position of business-type activities	<u><u>\$ 1,602,465</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, 2016

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	ENTERPRISE FUNDS			ACTIVITIES
	UTILITY	OTHER	TOTAL	INTERNAL
	FUND	ENTERPRISE	ENTERPRISE	SERVICE
		FUNDS	FUNDS	FUNDS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 379,135,491	\$ 38,625,452	\$ 417,760,943	\$ 39,045,680
Cash paid to suppliers	(202,870,326)	(20,964,255)	(223,834,581)	(35,326,070)
Cash paid to employees	(54,591,582)	(19,189,959)	(73,781,541)	(3,305,081)
Cash paid for operating transactions with other funds	(6,629,986)	-	(6,629,986)	-
Other operating receipts	20,426,989	-	20,426,989	687,888
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>135,470,586</u>	<u>(1,528,762)</u>	<u>133,941,824</u>	<u>1,102,417</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Local option gas tax	-	2,012,811	2,012,811	-
Operating grants	-	2,445,861	2,445,861	-
Interest paid	-	(183,694)	(183,694)	-
Interfund borrowing	-	(1,565,805)	(1,565,805)	-
Transfers from other funds	-	1,996,032	1,996,032	-
Transfers to other funds	(34,994,591)	(2,510,522)	(37,505,113)	(74,776)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(34,994,591)</u>	<u>2,194,683</u>	<u>(32,799,908)</u>	<u>(74,776)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Principal repayments and refundings on long-term debt	(22,205,000)	(222,211)	(22,427,211)	-
Proceeds from sale of capital assets	3,149,084	-	3,149,084	-
Interest paid on long-term debt	(38,101,113)	(228,201)	(38,329,314)	-
Capital contributions	-	3,762,784	3,762,784	-
Proceeds from interest rebate-Build America Bonds	5,372,529	-	5,372,529	-
Acquisition and construction of capital assets	(77,099,955)	(4,972,612)	(82,072,567)	(3,244,111)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(128,884,455)</u>	<u>(1,660,240)</u>	<u>(130,544,695)</u>	<u>(3,244,111)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received	661,066	393,269	1,054,335	540,699
Purchase of investments	(390,235,264)	(2,040,998)	(392,276,262)	(3,195,688)
Investment in The Energy Authority	(6,787,229)	-	(6,787,229)	-
Distributions from The Energy Authority	7,246,426	-	7,246,426	-
Proceeds from investment maturities	375,286,264	9,886,994	385,173,258	15,872,957
Proceeds from CR3 settlement	10,177,429	-	10,177,429	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(3,651,308)</u>	<u>8,239,265</u>	<u>4,587,957</u>	<u>13,217,968</u>
NET INCREASE (DECREASE) IN CASH	<u>(32,059,768)</u>	<u>7,244,946</u>	<u>(24,814,822)</u>	<u>11,001,498</u>
CASH - OCTOBER 1	<u>81,595,541</u>	<u>3,327,541</u>	<u>84,923,082</u>	<u>6,063,469</u>
CASH - SEPTEMBER 30	<u>\$ 49,535,773</u>	<u>\$ 10,572,487</u>	<u>\$ 60,108,260</u>	<u>\$ 17,064,967</u>

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

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>UTILITY</u> <u>FUND</u>	<u>OTHER</u> <u>ENTERPRISE</u> <u>FUNDS</u>	<u>TOTAL</u> <u>ENTERPRISE</u> <u>FUNDS</u>	<u>INTERNAL</u> <u>SERVICE</u> <u>FUNDS</u>
OPERATING INCOME (LOSS)	\$ 53,839,881	\$ (10,947,838)	\$ 42,892,043	\$ (1,560,745)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Depreciation and amortization	99,343,149	5,763,197	105,106,346	2,241,722
Net costs to be recovered in future rates	(15,959,059)	-	(15,959,059)	-
(Increase)/decrease in receivables	(1,957,090)	790,740	(1,166,350)	(1,273)
(Increase)/decrease in due from other funds	-	-	-	74,641
(Increase)/decrease in inventories	7,711,411	(23,617)	7,687,794	(22,222)
(Increase)/decrease in other assets and regulatory assets	429,046	-	429,046	-
(Increase)/decrease in restricted and internally designated assets	(11,964,460)	-	(11,964,460)	-
(Increase)/decrease in noncurrent assets	998,220	-	998,220	-
Increase/(decrease) in accounts payable and accrued liabilities	7,864,848	545,768	8,410,616	370,294
Increase/(decrease) in due to other funds	(2,630,122)	-	(2,630,122)	-
Increase/(decrease) in fuel adjustment	(3,968,160)	-	(3,968,160)	-
Increase/(decrease) in other liabilities and regulatory liabilities	(1,861,980)	-	(1,861,980)	-
(Increase)/decrease in rate stabilization	2,362,847	-	2,362,847	-
Increase/(decrease) in utility deposits	1,262,055	-	1,262,055	-
Pension expense adjustment	-	2,342,988	2,342,988	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 135,470,586	\$ (1,528,762)	\$ 133,941,824	\$ 1,102,417
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION				
Cash	\$ 49,535,773	\$ 10,572,487	\$ 60,108,260	\$ 17,064,967
Investments	216,017,771	2,040,998	218,058,769	3,195,688
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION	\$ 265,553,544	\$ 12,613,485	\$ 278,167,029	\$ 20,260,655
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES				
Contribution of capital assets	\$ 1,464,463	\$ -	\$ 1,464,463	\$ 183,477
Change in fair value of investments	215,968	-	215,968	189,485
Net costs recoverable in future years	(15,959,059)	-	(15,959,059)	-
Change in utility plant in service under long term capital lease obligation	(17,601,233)	-	(17,601,233)	-
Acquisition of utility construction in progress with construction fund payable	4,200,338	-	4,200,338	-
Change in ineffective portion of hedging derivatives	(693,448)	-	(693,448)	-
Change in hedging derivatives - interest rate swaps	(9,444,078)	-	(9,444,078)	-
Change in hedging derivatives - fuel options and futures	1,731,592	-	1,731,592	-
Change in fair value of hedging derivatives	10,137,527	-	10,137,527	-
Other noncash capital, investing and financing activities	(2,303,123)	-	(2,303,123)	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES	\$ (28,251,053)	\$ -	\$ (28,251,053)	\$ 372,962

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

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	<u>PENSION AND OPEB TRUST FUNDS</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 31,259,200
Equity in pooled cash and investments	9,107,860
Investments, at fair value:	
Equities	505,256,558
Real estate	69,366,723
Fixed income:	
Government bonds	2,566,794
Corporate bonds	16,347,779
Mortgage & asset backed securities	1,826,172
Total investments, at fair value	<u>595,364,026</u>
Investment adjustments:	
Dividends receivable	217,574
Interest receivable	205,974
Receivable for investments sold	1,181,536
Payable for investments purchased	<u>(1,517,862)</u>
Total investment adjustments	<u>87,222</u>
TOTAL ASSETS	<u>635,818,308</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued liabilities	<u>77,381</u>
TOTAL LIABILITIES	<u>77,381</u>
 NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS	 <u>\$ 635,740,927</u>

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>PENSION AND OPEB TRUST FUNDS</u>
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions:	
Required	\$ 20,113,166
State on behalf payments, through general fund	<u>1,242,740</u>
Total employer contributions	21,355,906
 Employee contributions	 <u>9,813,524</u>
 Total contributions	 <u>31,169,430</u>
Investment income:	
Net depreciation in fair value of investments	60,583,231
Dividends & interest	<u>9,247,565</u>
Total investment income	69,830,796
 Less investment expense	 <u>2,969,598</u>
 Net investment income	 <u>66,861,198</u>
 TOTAL ADDITIONS	 <u>98,030,628</u>
 <u>DEDUCTIONS:</u>	
Benefit payments	56,981,967
Refunds of contributions	737,078
Administrative expenses	<u>1,264,698</u>
 TOTAL DEDUCTIONS	 <u>58,983,743</u>
 CHANGE IN NET POSITION	 39,046,885
 NET POSITION - beginning	 <u>596,694,042</u>
 NET POSITION - ending	 <u>\$ 635,740,927</u>

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

CITY OF GAINESVILLE, FLORIDA

Index to Notes to Financial Statements

September 30, 2016

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CITY OF GAINESVILLE, FLORIDA
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September 30, 2016

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CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) Reporting Entity

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

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

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

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

The only joint venture in which the City participated in fiscal year 2016 was Gainesville Regional Utilities' investment in The Energy Authority, which is described in Note 15.

(B) Government-wide and Fund Financial Statements

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

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

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

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

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

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

- Enterprise Funds
- Internal Service Funds

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

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

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

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

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

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

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

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

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

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

The City reports one major governmental fund:

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

The City reports one major proprietary fund:

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

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

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

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this definition are reported as nonoperating revenues and expenses. Substantially all of Gainesville Regional Utility's revenues are pledged to the repayment of revenue bonds.

The City applies all applicable GASB pronouncements.

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

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

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

(D) Receivables

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

Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. For the most part, receivables and the related revenues are recognized when determined and billed - either for services rendered, grant entitlements, or reimbursements due, or otherwise measurable and available. Utilities service receivables are recorded at year end for services rendered but unbilled. They are calculated by prorating cycle billings subsequent to September 30, 2016 according to the number of days applicable to the current fiscal year.

Receivables are reported net of an estimated allowance for uncollectible accounts. At September 30, 2016, the allowance was \$631,028 for the General Fund and \$867,398 for Enterprise Funds.

(E) Inventories

The City accounts for its General Fund inventory using the "consumption method"; that is, inventory is budgeted and recorded as items are consumed. Except for inventories of the General Fund, inventories are stated at the lower of cost or market. Cost is determined using the weighted average unit cost method except for fuel in Enterprise Funds, which is determined using the last-in, first-out (LIFO) method. Obsolete and unusable items are expensed. The cost of fuel used for electric generation is charged to expense as consumed. Inventory in the General Fund is recorded at cost. Such inventory is written down to a lower market value if the inventory is affected by physical deterioration or obsolescence.

(F) Capital Assets

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

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

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

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

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 50 years. The overall depreciation rate was 3.28% in fiscal 2016.

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

The Nuclear Regulatory Commission (NRC) requires utilities owning nuclear powered electric generating plants to provide financial assurance that funds would be sufficient and available when needed to pay the future decommissioning costs. In accordance with the NRC requirements, GRU established a decommissioning trust fund. GRU's carrying balance in this decommissioning trust fund at September 30, 2016 was \$0.

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

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

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

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GRU, along with other CR3 minority owners, designated FMPA as its agent in negotiations with Duke Energy on various matters related to the retirement of CR3. FMPA negotiated a settlement with Duke Energy on behalf of itself and the other minority owners. The CR3 Settlement, Release, and Acquisition Agreement (settlement agreement) was approved by the City Commission on May 30, 2014, and agreed to and executed by all parties on September 26, 2014. The settlement agreement sets forth the terms and conditions and documents necessary to transfer all of the City's ownership interest in CR3 to Duke Energy along with the decommissioning trust funds. In return, the minority owners would receive certain cash settlements and Duke Energy would agree to be responsible for all costs and liabilities relating to CR3 including costs of decommissioning. CR3 operation and maintenance costs, which represents GRU's share of the expenses attributable to the operation of CR3, were discontinued as of October 1, 2013, and are no longer obligated to be paid in the future per the settlement agreement. The settlement agreement was approved by the NRC on May 29, 2015. GRU received a cash settlement in the amount of \$10,177,929 and transferred the \$11.6 million decommissioning trust fund balance to Duke Energy at closing of the settlement agreement on October 30, 2015.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. An allowance for interest on borrowed funds used during construction of \$1.1 million for fiscal year 2016 is included in construction in progress for the Utility Fund and as a corresponding reduction in interest expense. It is computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rate was approximately 4.1% for fiscal year 2016. For assets constructed with governmental fund resources, interest during construction is not capitalized.

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. This regulatory accounting treatment results in the amortization of these costs over the life of the related debt. Unamortized debt issuance costs were \$5.8 million for the year ended September 30, 2016.

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 increase 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

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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 position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Unamortized loss on refunding of bonds

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

Accumulated decrease in fair value of hedging derivatives

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

Deferred amounts related to pension

Recognition of deferred outflows of resources from unrealized contributions and losses related to pension costs. See Note 4 – Retirement Plans for additional information.

(J) Deferred Inflows of Resources

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

Rate stabilization

GRU designs its rates to recover costs of providing services. In order to stabilize future rate increases or decreases, GRU determines a rate stabilization amount to be charged or credited to revenues on an annual basis. There were rate stabilization additions of \$2.4 million for the year ended September 30, 2016. These amounts are reflected as increases or decreases in deferred inflows.

Business taxes not yet earned

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

Deferred amounts related to pensions

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

(K) Costs Recoverable in Future Years

The Power Purchase Agreement (PPA) with the Gainesville Renewable Energy Center (GREC) is recorded as a capital lease. Activity related to this lease generates a non-cash flow related to depreciation expense which is recorded as net costs recoverable in future years. These net costs recoverable in future years represent the amount by which depreciation expense exceeds principal repayment on the capital lease obligation of \$15,959,059 for the fiscal year ended September 30, 2016.

(L) Contributions in Aid of Construction

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

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

(M) Hedging Derivative Instruments

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

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

(N) Compensated Absences

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

(O) Risk Management

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

All funds other than the Utility Fund participate in the general insurance program. Risk management/ insurance related activities of the Utility fund are accounted for within the Utility Fund. The Utility Fund purchases plant and machinery insurance from a commercial carrier. There have been no significant reductions in insurance coverage from that in the prior year and settlements have not exceeded insurance coverage for the past three fiscal years. In addition, an actuarially computed liability of \$3,337,000 is recorded in the Utility Fund as a fully amortized deferred credit. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%. All claims for fiscal year 2016 were paid from current year's revenues.

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

	BEGINNING OF FISCAL YEAR			END OF FISCAL YEAR
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
2015-2016	\$3,337,000	\$1,178,000	\$1,178,000	\$3,337,000
2014-2015	3,337,000	1,957,000	1,957,000	3,337,000

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

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

	BEGINNING OF FISCAL YEAR			END OF FISCAL YEAR
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
2015-2016	\$6,854,000	\$2,280,237	\$2,280,237	\$6,854,000
2014-2015	6,854,000	2,852,652	2,852,652	6,854,000

The City is also self-insured for its Employee Health and Accident Benefit Plan (the Plan). The Plan is accounted for in an Internal Service Fund and is externally administered, for an annually contracted amount that is based upon the volume of claims processed. Contributions for City employees and their dependents are shared by the City and the employee. Administrative fees are paid primarily out of this fund. Stop-loss insurance is maintained for this program at \$250,000 per individual which was increased to \$300,000 during FY 2017. No claims have exceeded insurance coverage in the last three years.

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

	BEGINNING OF FISCAL YEAR			END OF FISCAL YEAR
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
2015-2016	\$1,310,671	\$24,243,566	\$24,243,566	\$1,310,671
2014-2015	1,310,671	22,027,528	22,027,528	1,310,671

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

(P) Interfund Activity

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

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

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

(Q) Property Taxes

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

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

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

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(R) Revenue Recognition

Revenue is recorded as earned. GRU accrues for services rendered but unbilled, which amounted to approximately \$14.4 million for fiscal year 2016. Fuel and purchased gas adjustment levelization revenue is recognized as expenses are incurred. Amounts charged to customers for fuel are based on estimated costs. The amount charged in the fuel adjustment is adjusted and approved by the City Commission as deemed necessary. If the amount recovered through billings exceeds actual fuel expenses, GRU records the excess billings as a liability. If the amount recovered through billings is less than actual fuel expenses, GRU records the excess fuel expense as a reduction of the liability or as an asset.

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

The following table represents total revenues and expenses associated with the fuel and purchased gas adjustment and the subsequent impact on the fuel and purchased gas levelization balance as of September 30, 2016:

	Fuel Adjustment	Purchased Gas Adjustment	Total
Revenues	\$ 151,803,967	\$ 6,804,833	\$ 158,608,800
Expenses	(155,825,143)	(6,751,817)	(162,576,960)
To (From) Levelization Account	<u>\$ (4,021,176)</u>	<u>\$ 53,016</u>	<u>\$ (3,968,160)</u>
Levelization Acct Beginning Balance	\$ 16,923,455	\$ 1,876,269	\$ 18,799,724
To (From) Levelization Account	(4,021,176)	53,016	(3,968,160)
Levelization Acct Ending Balance	<u>\$ 12,902,279</u>	<u>\$ 1,929,285</u>	<u>\$ 14,831,564</u>

(S) Budgetary Information

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

(T) Statement of Cash Flows

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

(U) Use of Estimates

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

(V) Rates and Regulation

GRU is regulated by the City Commission of the City of Gainesville, Florida. GRU's rates are established in accordance with the Resolution. The Resolution requires that rates are set to recover operation and maintenance expenses, debt service, utility plant improvement fund contributions, and certain other noncash revenue and expense items, which exclude depreciation expense and other noncash expense items. This method of rate setting results in costs being included in the determination of rates in different periods than when these costs are recognized for financial statement purposes. The effects of these differences are recognized in the determination of operating income in the period that they occur, in accordance with the Utility's accounting policies.

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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. GRU's cost of fuel and purchased power for the electric and natural gas systems is passed directly through to its customers through the Fuel and Purchased Gas Adjustments.

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

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

(W) Fund Balance Reporting

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of September 30, 2016, fund balances for governmental funds are comprised of the following:

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

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

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Fund balances for major and nonmajor governmental funds as of September 30, 2016 are classified as follows:

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable			
Inventory	\$ 54,848	\$ -	\$ 54,848
Long-term receivable	2,183,650	-	2,183,650
Cemetery Trust	-	973,501	973,501
	<u>2,238,498</u>	<u>973,501</u>	<u>3,211,999</u>
Restricted for:			
Cemetery Trust	-	557,229	557,229
City Building Improvements	-	179,865	179,865
Community Redevelopment	-	18,045,627	18,045,627
Depot Avenue Project	-	415,029	415,029
Fire Programs	-	29,697	29,697
Homeless Assistance	-	18,449	18,449
Housing & Community Development	-	1,490,407	1,490,407
Land Acquisitions	-	344,395	344,395
Neighborhood Improvements	-	174,441	174,441
Other Purposes	-	582,826	582,826
Parking Improvements	-	952	952
Police Equipment	-	202,128	202,128
Police Mentoring Programs	-	162,976	162,976
Police Programs	-	438,755	438,755
Police Services-Other	-	1,106,194	1,106,194
Recreation Facilities	-	213,241	213,241
Recreation Programs	-	121,966	121,966
Road Improvements	-	7,232,082	7,232,082
Sidewalks/Pedestrian & Bike Paths	-	399,882	399,882
Tourist Development	-	89,756	89,756
Traffic Signals	-	713,822	713,822
Transportation Improvements	-	4,366,406	4,366,406
	<u>-</u>	<u>36,886,125</u>	<u>36,886,125</u>
Committed for:			
Cultural Events	-	89,768	89,768
Economic Development	-	336,864	336,864
Homeless Assistance	-	332,048	332,048
Housing & Community Development	-	71,201	71,201
Neighborhood Improvements	-	45,999	45,999
Other Purposes	-	340,866	340,866
Police Services-Other	-	6,951	6,951
Tree Mitigation	-	2,460,847	2,460,847
	<u>-</u>	<u>3,684,544</u>	<u>3,684,544</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

Fund balances for major and nonmajor governmental funds as of September 30, 2016 are classified as follows (Continued):

	General Fund	Nonmajor Governmental Funds	Total
Assigned for:			
City Building Improvements	-	2,377,593	2,377,593
Community Redevelopment	-	571,621	571,621
Cultural Events	-	25,398	25,398
Debt Service Principal & Interest	-	1,141,037	1,141,037
Depot Avenue Project	-	362,080	362,080
Economic Development	-	427,088	427,088
Engineering Services	70,718	-	70,718
Fire Equipment	5,115	463,276	468,391
Fire Station	-	5,792,858	5,792,858
FY17 Budget	3,230,236	-	3,230,236
Homeless Assistance	-	816,234	816,234
Information Technologies	18,517	648,657	667,174
Land Acquisitions	-	1,314,990	1,314,990
Neighborhood Improvements	-	1,250,486	1,250,486
Other Purposes	8,196	1,963,937	1,972,133
Parking Improvements	48,240	271,310	319,550
Police Equipment	-	201,233	201,233
Police Programs	-	6,752	6,752
Professional Services	145,885	-	145,885
Recreation Equipment	18,983	82,589	101,572
Recreation Facilities	-	743,433	743,433
Recreation Programs	-	36,315	36,315
Road Improvements	-	9,741,208	9,741,208
Sidewalks/Pedestrian & Bike Paths	-	10,830	10,830
Streetscapes	-	148,825	148,825
Traffic Signals	5,896	806,311	812,207
Transportation Improvements	-	39,134	39,134
	<u>3,551,786</u>	<u>29,243,195</u>	<u>32,794,981</u>
Unassigned	<u>17,050,156</u>	<u>(1,571,393)</u>	<u>15,478,763</u>
Total	<u>\$ 22,840,440</u>	<u>\$ 69,215,972</u>	<u>\$ 92,056,412</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

Encumbrances for major and nonmajor governmental funds as of September 30, 2016 are classified as follows:

	General Fund	Nonmajor Governmental Funds	Total
City Buildings	\$ -	\$ 20,875	\$ 20,875
Community Redevelopment	-	4,466	4,466
Depot Avenue Project	-	210,225	210,225
Economic Development	-	6,963	6,963
Engineering Services	70,718	-	70,718
Fire Equipment	5,115	398,920	404,035
Fire Station	-	412,936	412,936
Homeless Assistance	-	6,263	6,263
Information Technologies	18,517	4,148	22,665
Land Acquisition	-	4,360	4,360
Neighborhood Improvements	-	482,752	482,752
Office Furniture	5,196	-	5,196
Parking Improvements	48,240	15,915	64,155
Police Equipment	-	151,658	151,658
Printing Services	3,000	-	3,000
Professional Services-Public Safety	114,614	-	114,614
Professional Services-Other	31,271	-	31,271
Recreation Vehicle	18,983	-	18,983
Recreation Facilities	-	11,960	11,960
Roadway Improvements	-	331,651	331,651
Traffic Signals	5,896	668,284	674,180
Transportation Improvements	-	535,522	535,522
	<u>\$ 321,550</u>	<u>\$ 3,266,898</u>	<u>\$ 3,588,448</u>

Restricted Net Position

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

The composition of net position "restricted for other purposes", based on third party external restrictions, at September 30, 2016 is:

Business-type activities

Capital Surcharge	\$ 101,599
GRU Utility Restrictions	259,011
Regional Transit Capital Acquisition Reserve	<u>468,600</u>
Total	<u>\$ 829,210</u>

The government-wide statement of net position reports \$124,661,444 of restricted net position, of which \$48,638,284 is restricted by enabling legislation.

Reserve Policy

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

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

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

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

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

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

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

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

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

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

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

(X) Future Accounting Pronouncements

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

- Accounting and financial reporting for Other Post-employment Benefit Plans;
- Tax Abatement disclosures
- Certain pension issues, and;
- Blending requirements for certain component units

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits and Investments

Deposits and investments as of September 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 528,950
Equity in pooled cash and investments	175,651,506
Investments	1,515,587
Restricted cash and cash equivalents	204,701,165

Statement of fiduciary net position:

Cash and cash equivalents	31,259,200
Equity in pooled cash and investments	9,107,860
Investments:	
Equities	505,256,558
Real Estate	69,366,723
Government Bonds	2,566,794
Corporate Bonds	16,347,779
Mortgage & Asset Backed Securities	1,826,172

Total cash and investments	<u><u>\$ 1,018,128,294</u></u>
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Deposits and investments as of September 30, 2016 consist of the following:

Defined benefit pension:

Deposits with financial institutions	\$ 37,817,187
Investments	538,457,841

Other post employment benefit (OPEB):

Deposits with financial institutions	2,550,087
Investments	56,905,971

Other than defined benefit pension and OPEB:

Deposits with financial institutions	49,535,773
Investments	332,861,435

Total cash and investments	<u><u>\$ 1,018,128,294</u></u>
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Investment Policies

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

Defined Benefit Pension Investments

These funds represent investments administered by the City's Defined Benefit Pension Fund Investment Managers. They comprise \$538,457,841 of the City's total fair value of investments, and are exclusive of the \$37,817,187 held in cash by the Trustees.

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

Equity Funds (domestic)

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

Equity Funds (international)

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

Fixed Income Funds (domestic)

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

Fixed Income Funds (international)

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

Cash Equivalents

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

Real Estate and Alternative Assets

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

Pooled or Commingled Funds

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

Derivatives

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

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 \$56,905,971 of the City's total fair value of investments, and are exclusive of the \$2,550,087 held in cash by the Trustees. These investments are reported at fair value. The fair value of this plan is derived through valuation efforts done by the City's investment managers in conjunction with the plan custodian. The fair values for the vast majority of these assets are readily available. For those assets whose fair value is less verifiable, the best available information is used.

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

Equity Funds (domestic)

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

Equity Funds (international)

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

Fixed Income Funds (domestic)

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

Fixed Income Funds (international)

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

Cash Equivalents

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

Real Estate and Alternative Assets

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

Pooled or Commingled Funds

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

Derivatives

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

Restricted Direct Investments – Prohibited

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

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

Equity Managers

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

Fixed Income Managers

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

Other than Defined Benefit Pension and OPEB Investments

These funds comprise \$332,861,435 of the City's total fair value of investments. This figure excludes \$49,535,773 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 in accordance with *GASB Statement No. 31*. Fair value is based on market values or independent pricing sources. Investments in commercial paper are recorded at amortized cost, which approximates fair value.

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

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

agency in either of its two highest rating categories. At September 30, 2016, all of GRU's corporate holdings were rated Aa2 or better by Moody's Investor Services and/or AA+ or better by Standard and Poor's and/or AA+ or better by Fitch. As of September 30, 2016, all of GRU's commercial paper investments were rated P-2 or better by Moody's Investor Services and/or A-2 or better by Standard and Poor's and/or F1 or better by Fitch.

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

Custodial Credit Risk - Deposits

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

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

Custodial Credit Risk - Investments

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

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

Credit Risk

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

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

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

Defined Benefit Pension Investments

Investment Type	Fair Value	Unrated/ Exempt	AAA	AA	A	BBB
Common Stock	\$ 273,518,982	\$ 273,518,982	\$ -	\$ -	\$ -	\$ -
Mutual Funds	242,820,208	242,820,208	-	-	-	-
Real Estate Inv Trust	3,130,555	3,130,555	-	-	-	-
US Government Bonds	2,079,051	2,079,051	-	-	-	-
Corporate Bonds	16,347,779	-	708,719	3,312,557	7,977,627	4,348,876
Mortgage & Asset Backed	561,266	561,266	-	-	-	-
Totals	\$ 538,457,841	\$ 522,110,062	\$ 708,719	\$3,312,557	\$7,977,627	\$4,348,876

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

OPEB Investments

Investment Type	Fair Value	Exempt from		
		Disclosure	AAA	AA+
Common Stock	\$ 55,153,323	\$ 55,153,323	\$ -	\$ -
US Government Bonds	487,743	-	487,743	-
Mortgage & Asset Backed	1,264,905	-	1,152,351	112,554
Totals	<u>\$ 56,905,971</u>	<u>\$ 55,153,323</u>	<u>\$ 1,640,094</u>	<u>\$ 112,554</u>

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Investment Type	Fair Value	Exempt from	
		Disclosure	AA
Mutual Funds	\$ 84,250,179	\$ 84,250,179	\$ -
US Government Bonds	19,980,000	-	19,980,000
Totals	<u>\$ 104,230,179</u>	<u>\$ 84,250,179</u>	<u>\$ 19,980,000</u>

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

Investment Type	Fair Value	AAA		A-1	
Money Market	\$ 12,613,485	\$ 12,613,485	\$ -		
Commercial Paper	119,679,920	-	119,679,920		
Government Agencies	61,114,757	61,114,757	-		
Government Bonds	8,664,237	8,664,237	-		
Corporate Bonds	26,558,857	26,558,857	-		
Totals	<u>\$ 228,631,256</u>	<u>\$ 108,951,336</u>	<u>\$ 119,679,920</u>		

Concentration of Credit Risk

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

Defined Benefit Pension Investments

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

OPEB Investments

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

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Issuer	Investment Type	Fair Value	%
Federal Farm Credit Bureau	Federal Agency Securities	\$ 9,985,000	9.9%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	9,995,000	9.9%

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

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

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

Interest Rate Risk

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

Defined Benefit Pension Investments

Investment Type	Fair Value	< 2 years	2-5 years	5-10 yrs	> 10 yrs
Common Stock *	\$ 273,518,982	\$ -	\$ -	\$ -	\$ -
Mutual Funds *	242,820,208	-	-	-	-
Real Estate Inv Trust *	3,130,555	-	-	-	-
US Government Bonds	2,079,051	130,325	76,632	225,062	1,647,032
Corporate Bonds	16,347,779	4,131,479	5,800,922	3,085,875	3,329,503
Mortgage & Asset Backed	561,266	-	561,266	-	-
Totals	\$ 538,457,841	\$ 4,261,804	\$ 6,438,820	\$ 3,310,937	\$ 4,976,535

* Included but not required to be presented by maturity date

OPEB Investments

Investment Type	Fair Value	n/a	< 5 years	5-10 years	> 10 years
Common Stock	\$ 55,153,323	\$ 55,153,323	\$ -	\$ -	\$ -
US Government Bonds	487,743	-	352,534	135,209	-
Mortgage & Asset Backed Securities	1,264,905	-	55,554	60,695	1,148,656
	<u>\$ 56,905,971</u>	<u>\$ 55,153,323</u>	<u>\$ 408,088</u>	<u>\$ 195,904</u>	<u>\$ 1,148,656</u>

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Investment Type	Fair Value	n/a	> 5 years
Mutual Funds	\$ 84,250,179	\$ 84,250,179	\$ -
US Government Bonds	19,980,000	-	19,980,000
Totals	<u>\$ 104,230,179</u>	<u>\$ 84,250,179</u>	<u>\$ 19,980,000</u>

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

Investment Type	Fair Value	n/a	< 1 year	1-5 years
Money Market	\$ 12,613,485	\$ 12,613,485	\$ -	\$ -
Commercial Paper	119,679,920	-	119,679,920	-
US Agencies	61,114,757	-	-	61,114,757
US Government Bonds	8,664,237	-	-	8,664,237
Corporate Bonds	26,558,857	-	3,011,526	23,547,331
Totals	<u>\$ 228,631,256</u>	<u>\$ 12,613,485</u>	<u>\$ 122,691,446</u>	<u>\$ 93,326,325</u>

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NOTE 3 – FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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Defined Benefit Pension Investments

The City of Gainesville's Defined Benefit Pension Plan (The Plan) categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of September 30, 2016:

Investments Measured at Fair Value		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value	9/30/2016			
Debt Securities				
U.S Treasury Securites	\$ 2,079,051	\$ 2,079,051	\$ -	\$ -
Mortgage backed securitites	561,266	-	561,266	-
Corporate bonds	16,347,779	-	16,347,779	-
Total Debt Securities	18,988,096	2,079,051	16,909,045	-
Equity securites				
Consumer discretionary	32,445,995	32,445,995	-	-
Consumer staples	13,819,556	13,819,556	-	-
Energy	34,692,618	34,692,618	-	-
Financials	35,954,008	35,954,008	-	-
Health care	34,805,373	34,805,373	-	-
Industrials	37,659,427	37,659,427	-	-
Information Technology	70,463,265	70,463,265	-	-
Materials	8,337,055	8,337,055	-	-
Telecommunications	3,803,997	3,803,997	-	-
Utilities	1,537,688	1,537,688	-	-
Real Estate	3,130,555	-	3,130,555	-
Mutual Funds	242,820,208	242,820,208	-	-
Total Equity Securities	519,469,745	516,339,190	3,130,555	-
Total Investments at fair value	\$ 538,457,841	\$ 518,418,241	\$ 20,039,600	\$ -

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.

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OPEB Investments

The City of Gainesville's OPEB Benefit Plan categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The OPEB Benefit Plan has the following recurring fair value measurements as of September 30, 2016:

Investments Measured at Fair Value

Investments by fair value	9/30/2016	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 Securites	\$ 487,743	\$ 487,743	\$ -	\$ -
Mortgage backed securitites	1,264,905	-	1,264,905	-
Total Debt Securities	1,752,648	487,743	1,264,905	-
Equity securites				
Consumer discretionary	5,940,195	5,940,195	-	-
Consumer staples	4,097,710	4,097,710	-	-
Energy	4,211,048	4,211,048	-	-
Financials	8,399,669	8,399,669	-	-
Health care	8,016,627	8,016,627	-	-
Industrials	6,728,705	6,728,705	-	-
Information Technology	11,770,083	11,770,083	-	-
Materials	2,387,957	2,387,957	-	-
Real Estate	110,306	110,306	-	-
Telecommunications	1,836,424	1,836,424	-	-
Utilities	1,359,438	1,359,438	-	-
Others	295,161	295,161	-	-
Total Equity Securities	55,153,323	55,153,323	-	-
Total Investments at fair value	\$ 56,905,971	\$ 55,641,066	\$ 1,264,905	\$ -

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

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

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

The City of Gainesville has the following recurring fair value measurements as of September 30, 2016:

- U.S. Government Bonds of \$19,980,000 are valued using matrix pricing which is based on the securities' relationship to benchmark quoted prices (Level 2 inputs).

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

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Utility's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels. GRU's fair value measurements are performed on a recurring basis. The following table presents fair value balances and their levels within the fair value hierarchy as of September 30, 2016 (in thousands):

Investments by fair value level	9/30/2016	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)
(in thousands)				
Assets				
U.S. Treasury Securities	\$ 8,664	\$ 8,664	\$ -	\$ -
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	4,953	-	4,953	-
Federal National Mortgage Assn	28,578	-	28,578	-
Federal Home Loan Bank	10,590	-	10,590	-
Federal Farm Credit Bank	16,994	-	16,994	-
Corporate Bonds:				
Massmutual Global Funding	5,024	-	5,024	-
Guardian Life	5,549	-	5,549	-
New York Life	12,974	-	12,974	-
New York Life Global	3,012	-	3,012	-
Total Investments at fair value level	\$ 96,338	\$ 8,664	\$ 87,674	\$ -
Liabilities				
Ineffective interest rate swaps	\$ (5,999)	\$ -	\$ (5,999)	\$ -
Total financial instruments	\$ (5,999)	\$ -	\$ (5,999)	\$ -

NOTE 4 - RETIREMENT PLANS

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

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

(A) Defined Benefit Plans

Employees' Plan:

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

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

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

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

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

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

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

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

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

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

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

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

Death benefits are paid as follows:

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

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

Employees covered by benefit terms. At September 30, 2016, the following employees were covered by the benefit terms:

Active employees	1,465
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,225
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	431
Total	3,121

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

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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 2016 was 16.88% 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, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

The components of the net pension liability at September 30, 2016 were as follows:

<u>Components of Net Pension Liability</u>	
Total pension liability	\$ 485,658,954
Plan fiduciary net position	<u>(357,298,271)</u>
City's net pension liability	\$ 128,360,683

Plan fiduciary net position as a percentage of the total pension liability	73.57%
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Significant Actuarial Assumptions. The total pension liability as of September 30, 2016 was determined based on a roll-forward of entry age normal liabilities from the October 1, 2015 actuarial valuation to the pension plan's fiscal year end of September 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Actuarial Assumptions</u>	
Inflation	3.75%
Salary Increases	7.00% to 3.75%
Investment Rate of Return	8.20%, net of pension investment expenses

Mortality Rate:

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

Long-term Expected Rate of Return:

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

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

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

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

Discount Rate:

The discount rate used to measure the total pension liability was 8.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates less the member contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 10/01/2015	\$ 470,947,246	\$ 334,603,947	\$ 136,343,299
Changes for the year:			
Service cost	7,789,638	-	7,789,638
Interest	38,189,162	-	38,189,162
Differences between expected and actual experience	1,125,190	-	1,125,190
Transfer from terminated Disability Plan	-	-	-
Changes to assumptions	4,860,706	-	4,860,706
Contributions - employer	-	13,481,032	(13,481,032)
Contributions - employee	-	7,947,069	(7,947,069)
Net investment income	-	39,190,078	(39,190,078)
Benefit payments, including refunds and DROP payouts	(37,252,988)	(37,252,988)	-
Administrative expense	-	(670,867)	670,867
Net changes	14,711,708	22,694,324	(7,982,616)
Balances at 09/30/2016	\$ 485,658,954	\$ 357,298,271	\$ 128,360,683

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 8.2%, 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 (7.2%) or 1 percentage-point higher (9.2%) than the current rate:

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	1% Decrease (7.2%)	Current Discount Rate (8.2%)	1% Increase (9.2%)
Net pension liability	\$ 192,073,538	\$ 128,360,683	\$ 74,692,322

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, 2016, the City recognized pension expense for the Employees' Plan of \$6,161,128. At September 30, 2016, the City reported deferred outflows of resources related to the Employees' Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,193,813	\$ -
Changes to assumptions	14,434,957	-
Changes between projected and actual investment earnings	18,684,358	(9,682,019)
Total	<u>\$ 35,313,128</u>	<u>\$ (9,682,019)</u>

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:

	Net Deferred Outflows/(Inflows) of Resources
<u>Fiscal Year</u>	<u>of Resources</u>
2017	\$ 8,027,160
2018	8,027,160
2019	8,027,160
2020	1,549,629
Thereafter	-

Consolidated Plan:

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

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

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

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

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

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

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

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

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

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

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

Retirement eligibility for Firefighters is as follows:

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

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

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

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

Benefits Provided to Both Police Officers and Firefighters.

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

Death benefits are paid as follows:

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

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

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Employees covered by benefit terms. At September 30, 2016, the following employees were covered by the benefit terms:

Active employees	389
Inactive employees:	
Retirees and beneficiaries currently receiving benefits	410
Vested terminated members entitled to future benefits	19
Total	825

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 2016 was 14.04% of covered payroll for police personnel and 18.11% for fire personnel. This rate was influenced by the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,242,741, 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, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

The components of the net pension liability at September 30, 2016 were as follows:

<u>Components of Net Pension Liability</u>	
Total pension liability	\$ 258,251,636
Plan fiduciary net position	(205,667,930)
City's net pension liability	\$ 52,583,706
Plan fiduciary net position as a percentage of the total pension liability	79.64%

Significant Actuarial Assumptions. The total pension liability as of September 30, 2016 was determined based on entry age normal liabilities from the October 1, 2015 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement.

<u>Actuarial Assumptions</u>	
Inflation	3.00%
Salary Increases for employees age less than 30	7.00%
Salary Increases for employees age 30 to 34	6.00%
Salary Increases for employees age 35 to 39	5.00%
Salary Increases for employees age 40 and older	4.00%
Investment Rate of Return	8.20%, net of pension investment expenses

Mortality Rate:

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment based on Mortality Improvement Scale AA. 50% of deaths among active members are

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assumed to be service incurred, and 50% are assumed to be non-service incurred. Disabled mortality is based on the RP-2000 Disability Retiree Mortality Table.

Other Assumptions:

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

Long-Term Expected Rate of Return:

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

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

Development of Long Term Discount Rate - Arithmetic

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

Discount Rate:

The discount rate used to measure the total pension liability was 8.2%. 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.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 10/01/2014	\$245,915,632	\$217,047,910	\$ 28,867,722
Changes for the year:			
Service cost	4,094,841	-	4,094,841
Interest	23,375,806	-	23,375,806
Differences between expected and actual experience	(140,568)	-	(140,568)
Changes to assumptions	2,608,508	-	2,608,508
Contributions - employer	-	3,682,847	(3,682,847)
Contributions - employee	-	1,972,417	(1,972,417)
Contributions - state	-	1,269,827	(1,269,827)
Net investment income	-	(93,259)	93,259
Benefit payments, including refunds and DROP payouts	(17,602,583)	(17,602,583)	-
Administrative expense	-	(609,229)	609,229
Net changes	12,336,004	(11,379,980)	23,715,984
Balances at 09/30/2015	\$258,251,636	\$205,667,930	\$ 52,583,706

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 8.2%, 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 (7.2%) or 1 percentage-point higher (9.2%) than the current rate:

	1% Decrease (7.2%)	Current Discount Rate (8.2%)	1% Increase (9.2%)
	Net pension liability	\$ 81,481,528	\$ 52,583,706

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, 2016, the City recognized pension expense for the Consolidated Plan of \$10,739,415. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,620,766	\$ (113,536)
Difference between projected and actual investment earnings	14,069,711	(3,303,002)
Contributions after measurement date	3,716,354	-
Total	<u>\$ 21,406,831</u>	<u>\$ (3,416,538)</u>

The \$3,716,354 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Consolidated Plan will be recognized in pension expense as follows:

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Fiscal Year	Deferred Outflows/(Inflows) of Resources
2017	\$ 3,395,663
2018	3,395,663
2019	3,395,662
2020	3,992,031
Thereafter	94,920

(B) Defined Contribution Pension Plan

Plan Description. As noted above, the Defined Contribution Pension Plan is open to certain existing City professional and managerial employees. It is no longer available to newly hired professional and managerial employees. The Commission of the City of Gainesville adopted this plan and related amendments through a City Ordinance.

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

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 5.0% of their annual covered salary. The City is required to contribute 10% of covered payroll. During fiscal year 2016, plan members contributed \$178,371 and the City contributed \$293,788.

NOTE 5 – OTHER POST-EMPLOYMENT BENEFITS PLAN

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

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

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

Annual OPEB Cost and Net OPEB Obligation. For fiscal year 2016, the City's annual OPEB cost for the RHCP was \$1,677,380. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended September 30, 2016 were as follows:

Annual required contribution	\$ 1,070,129
Interest on net OPEB obligation	(1,448,876)
Adjustment to annual required contribution	<u>2,056,127</u>
Annual OPEB cost	\$ 1,677,380
Contributions made	<u>2,915,780</u>
Change in net OPEB obligation (asset)	\$ (1,238,400)
Net OPEB obligation (asset), beginning of year	<u>(17,669,214)</u>
Net OPEB obligation(asset), end of year	<u><u>\$ (18,907,614)</u></u>

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Trend Information

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
09/30/14	\$ 3,440,342	\$ 2,746,676	79.84%	\$ (18,282,553)
09/30/15	3,585,790	2,972,451	82.90%	(17,669,214)
09/30/16	1,677,380	2,915,780	173.83%	(18,907,614)

Fiscal year 2005 was the year of implementation of GASB 43 and 45 and the City elected to implement prospectively. The City's contributions include \$2,375,230, \$2,441,107, and \$2,228,139 in payments made by the City for the implicit rate subsidy included in the blended rate premiums for active employees which fund the implicit rate subsidy discount provided to the retirees for fiscal years 2016, 2015, and 2014, respectively.

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

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

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

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

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

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

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volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

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

Funded Status.

Actuarial	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as %
Valuation	Value of	Liability (AAL)	(UAAL)	Ratio	Payroll	of covered
Date	(a)	(b)	(b) - (a)	(a/b)	(c)	(b-a)/c
9/30/2016	\$ 59,442,474	\$ 59,679,811	\$ 237,337	99.60%	\$ 117,510,876	0.20%

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

NOTE 6 - DEFERRED COMPENSATION PLAN

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

NOTE 7 - LONG-TERM DEBT AND CAPITAL LEASES

GOVERNMENTAL ACTIVITIES:

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

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

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

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

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

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

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

\$361,856 Construction Promissory Note – Variable interest rate based on 5 Year Treasury Index plus 2.75%. In December 2009, a promissory note was entered into for construction of the CRA office building with Sunstate Federal Credit Union to be repaid from tax increment proceeds. Interest payable monthly beginning February 2010 and principal payable monthly beginning February 2011. Loan payments are amortized over a 360 month period with a balloon payment due February 2025. The interest rate was 5.99% at September 30, 2016.

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

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

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

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

\$11,970,000 Revenue Refunding Note Series 2016A – 2.3% fixed, issued April 15, 2016, final maturity November 1, 2028; payable solely from non-ad valorem revenues. Proceeds from the Note were used to refinance all of the First Florida Governmental Financing Commission Loan, Series 2005 and the First Florida Governmental Financing

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Commission Loan, Series 2007 and partial refunding of the Capital Improvement Revenue Note Series 2009 along with closing costs incurred. This advance refunding resulted in a reduction of total debt service payments over 12 years of approximately \$2,959,727 with a present value of \$2,596,468 less \$1,596,164 of prior funds on hand resulting in a net present value savings of \$1,000,304. The economic loss on refunding was \$1,377,903.

\$6,630,000 Capital Improvement Revenue Notes, Series 2016B – 2.4% 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.

BUSINESS-TYPE ACTIVITIES:

\$196,950,000 Utilities System Revenue Bonds, 2005 Series A – 4.75% - 5.0%, dated November 16, 2005, mature on various dates through October 1, 2036, and were partially refunded as part of the 2012 Series A Utilities System Revenue Bond issuance. The 2005 Series A Bonds are subject to redemption at the option of the City on and after October 1, 2015, as a whole or in part at any time, at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005 Series A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's utilities system and to refund the City's Utilities System Commercial Paper Notes, Series C. In March 2007, the 2007 Series A Bonds (\$139,505,000) were issued to advance-refund to the maturity dates a portion of the bonds maturing from October 1, 2030 to October 1, 2036. The proceeds related to the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2015, at 100% of par. In December 2014, the 2014 Series B Bonds (\$30,970,000) were issued to advance-refund \$12,725,000 for portions of bonds maturing from October 1, 2029, October 1, 2030, and October 1, 2036. The proceeds of the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2015.

\$61,590,000 Utilities System Revenue Bonds, 2005 Series B (Federally Taxable) – 5.14%, 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.

\$55,135,000 Utilities System Revenue Bonds, 2005 Series C – Variable interest rates based on market rates, 0.86% at September 30, 2016, 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.

\$53,305,000 Utilities System Revenue Bonds, 2006 Series A – Variable interest rates based on market rates, 0.86% at September 30, 2016, dated July 6, 2006, final maturity October 1, 2026. The 2006 Series A Bonds are subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2006 Series A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's utilities system and to refund a portion of the City's Utilities System Revenue Bonds, 1996 Series A. The 2006 Series A Bonds created a net present value savings of over \$6,200,000, with yearly cash savings ranging from approximately \$371,000 to over \$890,000. A liquidity facility is provided by Helaba at 0.29% and expires November 24, 2020.

\$139,505,000 Utilities System Revenue Bonds, 2007 Series A – Variable interest rates based on market rates, 0.86% at September 30, 2016, dated July 6, 2006, final maturity October 1, 2036. The 2007 Series A Bonds are subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2007 Series A Bonds were issued to refund a portion of the City's Utilities System Revenue Bonds, 2003 Series A and a portion of the City's Utilities System Revenue Bonds, 2005 Series A. The 2007 Series A Bonds created a net present value savings of over \$8,500,000,

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with yearly cash savings ranging from \$100,000 to \$500,000. A liquidity facility is provided by State Street Bank and Trust at 0.39% and expires March 1, 2018.

\$105,000,000 Utilities System Revenue Bonds, 2008 Series A (Federally Taxable) – 4.92% - 5.27%, dated February 13, 2008, final maturity October 1, 2020, and were partially refunded as part of the 2012 Series B Utilities System Revenue Bond issuances. The 2008 Series A Bonds are subject to redemption prior to maturity at the election of the City in whole or in part, at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2008 Series A Bonds were issued to pay costs of acquisition and construction of the City's utilities system. In December 2014, the 2014 Series B Bonds (\$30,970,000) were issued to redeem \$19,915,000 for portions of bonds maturing from October 1, 2015 thru October 1, 2020.

\$90,000,000 Utilities System Revenue Bonds, 2008 Series B – Variable interest rates based on market rates, 0.85% at September 30, 2016, 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 Bank of Montreal at 0.27% and expires July 7, 2017. The full amount of the outstanding bonds of \$90 million has been reclassified to utilities system revenue bonds – current portion as of September 30, 2016. The liquidity facility will be renewed or replaced during fiscal year 2017.

\$24,190,000 Utilities System Revenue Bonds, 2009 Series A (Federally Taxable) – 3.59%, dated September 16, 2009, final maturity October 1, 2015. The 2009 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 2009 Series A Bonds were issued to pay costs of acquisition and construction of the City's utilities system.

\$156,900,000 Utilities System Revenue Bonds, 2009 Series B – Issuer Subsidy – Build America Bonds (Federally Taxable) – 4.11% - 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.

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

\$100,470,000 Utilities System Revenue Bonds, 2012 Series B - Variable interest rates based on market rates, 0.86% at September 30, 2016, dated August 1, 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 Sumitomo Mitsui Banking Corporation (SMBC) at 0.43% and expires on January 12, 2018.

\$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 – 3.00% - 5.00%, dated December 19, 2014 with final maturity October 1, 2036. The 2014 Series B Bonds were issued to (a) provide funds to refund \$12,725,000 in aggregate principal amount of a portion of the 2005 Series A Bonds; (b) provide funds to refund \$19,915,000 in aggregate principal amount of a portion of the 2008 Series A Bonds; and (c) pay costs of issuance of the 2014 Series B Bonds. These bonds mature at various dates beginning October 1, 2015 through October 1, 2020, from October 1, 2029 to October 1, 2030, and October 1, 2036. The bonds maturing prior to October 1, 2024 are not subject to redemption prior to maturity. The bonds maturing on and after October 1, 2025 are subject to redemption prior to maturity at the option of GRU on and after October 1, 2024, as whole or in part at any time, at a redemption price plus interest so specified. The 2014 Series B Bonds created a net present value savings of \$1,700,000, with yearly cash savings ranging from approximately \$11,000 to over \$600,000.

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, 2016 was \$1,550,972.

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

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

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

Utility Notes

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

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

DEBT SERVICE REQUIREMENTS FOR LONG-TERM DEBT:

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

Year ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 7,416,716	\$ 6,109,564	\$ 121,470,272	\$ 24,357,061
2018	7,791,265	6,857,571	24,390,728	23,569,463
2019	6,592,098	6,838,976	25,275,370	22,696,350
2020	6,970,525	6,909,502	26,314,705	21,707,373
2021	7,338,751	6,988,206	27,444,257	20,698,587
2022-2026	36,349,120	34,229,844	117,262,369	92,023,259
2027-2031	43,997,475	18,423,885	160,761,779	71,331,751
2032-2036	14,374,812	846,782	190,915,188	50,714,263
2037-2041	-	-	217,985,000	24,477,786
2042-2045	-	-	42,445,000	1,267,102
Total	<u>\$ 130,830,762</u>	<u>\$ 87,204,330</u>	<u>\$ 954,264,668</u>	<u>\$ 352,842,995</u>

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Interest rates used are per GASB No. 38, which requires the rate used in the calculations be that in effect as of September 30, 2016. Interest rates on variable-rate long-term debt belonging to the Utility were valued to be equal to 0.87% for the 2005C Series Bonds, 0.86% for the 2006A Series Bonds, 0.86% for the 2007A Series Bonds, 0.85% for the 2008B Series Bonds, 0.86% for the 2012 Series B Bonds, 0.72% for the Commercial Paper Notes, Series C and 0.70% for the Commercial Paper Notes, Series D.

Interest expense for the 2009B and 2010B Bonds have been shown net of the federal interest subsidy, which is equal to 32.6% of the annual interest expense and is assumed to remain at said rate for the duration of the bonds. The subsidy is recorded as non-operating revenue on the statement of revenue, expense and changes in net position and statement of activities.

For the Utility's variable rate demand obligations (VRDO), support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) or credit agreements relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable solely from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA or credit agreement. The current stated termination dates of the SBPA and credit agreements range from July 17, 2017 to November 24, 2020. Each of the SBPA and credit agreement termination dates may be extended. At September 30, 2016, there were no outstanding draws under the SBPA.

For the commercial paper notes appearing in the above schedule, to provide liquidity support, GRU has entered into revolving credit agreements with commercial banks. If moneys are not available to pay the principal of any maturing commercial paper notes during the term of the credit agreements, GRU is entitled to make a borrowing under the credit agreements. The termination dates of the credit agreements as of September 30, 2016 are August 28, 2017 and November 28, 2018. The credit agreement supporting the tax-exempt Commercial Paper Notes, Series C had no outstanding draws as of September 30, 2016. The credit agreement supporting the taxable Commercial Paper Notes, Series D had no outstanding draws as of September 30, 2016.

There was no balance outstanding at September 30, 2016 for defeased utility bonds.

CAPITAL LEASES AND RELATED DEBT SERVICE REQUIREMENTS

General Government Capital Lease:

Siemens Buildings Technologies, GPD Energy Project Capital Lease

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

Debt Service Requirements for General Government Siemens Capital Lease

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2017	95,409	5,983	101,392
2018	78,141	1,915	80,056
Total	<u>\$ 173,550</u>	<u>\$ 7,898</u>	<u>\$ 181,448</u>

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Utility Capital Lease:

Gainesville Renewable Energy Center Capital Lease

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

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

The PPA has been accounted for as a long-term capital lease for a term of 30 years with a capital lease asset and liability recorded. The capital lease asset was recorded at \$1,006,808,754 at September 30, 2016. The total payments applicable to the lease were \$61,216,224 for the fiscal year ended September 30, 2016. The payments for fiscal year 2016 included \$43,614,991 for interest expense included in fuel costs. The capital lease asset will be amortized over the life of the PPA. Amortization of \$33,560,292 was recorded for the fiscal year ended September 30, 2016.

The following lists the minimum payments due under the PPA as of September 30, 2016.

Year	Payments
2017	\$ 61,216,244
2018	61,216,244
2019	61,216,244
2020	61,216,244
2021	61,216,244
2022-2026	306,081,220
2027-2031	306,081,220
2032-2036	306,081,220
2037-2041	306,081,220
2042-2044	135,432,209
Total minimum lease payments	1,665,838,309
Less: Amounts representing interest	(706,159,457)
Net minimum lease payments	<u>\$ 959,678,852</u>

If at any time GRU's senior unsecured debt rating is rated below a Standard & Poor's rating of A- or a Moody's rating of A3 (such rating levels to be equitably adjusted if either rating agency were in the future to change its rating standards), GRU is required to pay or provide to GREC a security deposit equal to \$40 million as security for GRU's performance of its obligations under the PPA. If required, such security shall be in the form of cash deposited in either an interest bearing escrow account mutually acceptable to GREC and GRU, an unconditional and irrevocable direct pay letter of credit in form and substance reasonably satisfactory to GREC, or a performance bond in form and substance reasonably satisfactory to GREC. As of September 30, 2016, GRU's credit ratings were in compliance with the performance security requirements.

A land lease was executed on September 28, 2009 between GRU and GREC for the land on which the biomass plant is located. The payment per year is \$100 for a term of 47 years on the condition that GREC provides dependable energy to GRU. If a condition occurs in which GREC does not provide dependable energy to GRU, the payment will be adjusted to the fair market value of the land at that time. Rental income of \$100 was received for the fiscal year ended September 30, 2016.

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HEDGING ACTIVITIES

Interest Rate Hedges

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

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

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

Terms, fair values and credit risk. The terms, fair values and credit ratings of the outstanding swaps as of September 30, 2016 were as follows. The notional amounts of the swaps match the principal amounts of the associated debt.

Associated Bond Issue	2008CP*	2005B*	2005C*
Notional Amounts	\$ 11,500,000	\$38,740,000	\$ 35,300,000
Effective Date	07/03/2002	11/16/2005	11/16/2005
Fixed Payer Rate	4.100%	SIFMA	3.200%
Variable Receiver Rate	SIFMA	77.14% of 1 MO LIBOR	60.36% of 10 YR LIBOR
Fair Value	\$(425,000)	\$(176,000)	\$(2,797,000)
Termination Date	10/01/2017	10/01/2021	10/01/2026
Counterparty Credit Rating	Baa1/BBB+/A	Aa2/AA-	Aa3/A+/AA-
Associated Bond Issue	2006A*	2008B*	2008B*
Notional Amounts	\$ 34,160,000	\$ 58,500,000	\$ 31,500,000
Effective Date	07/06/2006	02/13/2008	02/13/2008
Fixed Payer Rate	3.224%	4.229%	4.229%
Variable Receiver Rate	68% of 10 YR LIBOR-0.3635%	SIFMA	SIFMA
Fair Value	\$(3,026,000)	\$(21,074,000)	\$(11,358,000)
Termination Date	10/01/2026	10/01/2038	10/01/2038
Counterparty Credit Rating	Aa2/AA-	Aa3/A+/AA-	Aa3/A+/AA-
Associated Bond Issue	2007A*		
Notional Amounts	\$ 137,240,000		
Effective Date	03/01/2007		
Fixed Payer Rate	3.944%		
Variable Receiver Rate	SIFMA		
Fair Value	\$(48,324,000)		
Termination Date	10/01/2036		
Counterparty Credit Rating	Aa2/AA-		

* See "Basis Risk" section below for details.

Fair Value. All of the swap agreements had a negative fair value as of September 30, 2016. Due to the low interest rate environment, as compared to the period when the swaps were entered into, the fixed payer rates currently exceed the variable receiver rates.

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Swap payments and associated debt. Assuming interest rates remain the same as at September 30, 2016, debt service requirements on the interest rate swap would be as follows (**in thousands**):

Fiscal Year Ending Sept 30,	Swap Interest (thousands)
2017	\$ 9,157
2018	8,696
2019	8,421
2020	8,188
2021	7,904
2022-2026	35,032
2027-2031	26,686
2032-2036	12,016
2037	522
Total	\$ 116,622

The interest rates used are those in effect as of September 30, 2016 (**in thousands**).

	Fair Value of Interest Rate Swaps at September 30, 2016	Changes in Fair Value	Changes in Deferred (Inflows)/ Outflows	Changes in Regulatory (Asset)/ Liability for Ineffective Instruments
2008CP	\$ (425)	\$ 586	\$ (586)	\$ -
2005B	(176)	(370)	-	370
2005C	(2,797)	(153)	-	153
2006A	(3,026)	(171)	-	171
2008B	(21,074)	(2,063)	2,063	-
2008B	(11,358)	(1,114)	1,114	-
2007A	(48,324)	(6,853)	6,853	-
	<u>\$ (87,180)</u>	<u>\$ (10,138)</u>	<u>\$ 9,444</u>	<u>\$ 694</u>

Credit Risk. As of September 30, 2016 the fair value of all of the swaps was negative, therefore the City is not subject to credit risk. To mitigate the potential for credit risk, the City has negotiated additional termination event and collateralization requirements in the event of a ratings downgrade. Failure to deliver the Collateral Agreement to the City as negotiated and detailed in the Schedule to the International Swaps and Derivative Agreements (ISDA) master agreement for each counterparty would constitute an event of default with respect to that counterparty.

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

- The 2005 Series B Swap is exposed to basis risk through the potential mismatch of 77.14% of one-month LIBOR and the SIFMA rate. As a result, savings may not be realized. As of September 30, 2016, the one month LIBOR rate was 0.53%, and the SIFMA rate was at 0.84%, which places the SIFMA at approximately 158.19% 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, 2016, the 10-year LIBOR rate was at 1.44%.
- 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.

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

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

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

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

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

Effectiveness. Of the interest rate swap agreements, four have been determined to be effective, while three have been deemed ineffective as of September 30, 2016. The ineffective portion related to interest rate swap agreements is recorded as a regulatory asset for \$5,999,244 as of September 30, 2016.

Fair value changes of \$10.1 million have been recorded for interest rate swap agreements in accumulated decrease in fair value of hedging derivatives at September 30, 2016. There were no realized gains or losses related to interest rate swaps as of September 30, 2016.

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 \$3.8 million for September 30, 2016. 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 2016.

	Fair Value of Cash Flow Hedges at		Deferred (Inflows)/ Outflows of Resources	Notional Amount
	September 30, 2016	Changes in Fair Value		(MMBTU's)
Natural Gas	\$ (181,450)	\$ 2,136,526	\$ (201,210)	605,000

PLEDGED REVENUES:

The 1994 and 2004 Guaranteed Entitlement Revenue and Refunding Bonds were issued to refund multiple prior issues and to fund road and building construction and repair projects. Both issues are secured by a lien upon and pledge of the City's Guaranteed Entitlement Funds. The remaining principal and interest payments on these bonds at September 30, 2016 total \$8,720,000, payable semiannually through July 1, 2024. Pledged revenue was \$1,039,088 for fiscal year 2016, which was 99.90% of the annual debt requirement.

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

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

CHANGES IN LONG-TERM LIABILITIES:

Long-term liability activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within one year
Governmental activities:					
Bonds payable:					
Revenue bonds and loans	\$ 22,349,295	\$ -	\$ 5,871,970	\$ 16,477,325	\$ 1,578,294
Bond premium	1,066,049	-	101,352	964,697	-
Pension obligation bonds	77,579,156	-	1,733,755	75,845,401	2,981,356
Less deferred amounts:					
For issuance discounts	37,124	-	26,540	10,584	-
Total bonds payable	100,957,376	-	7,680,537	93,276,839	4,559,650
Capital lease	264,740	-	91,190	173,550	95,409
Revenue note	30,991,592	18,600,000	11,083,556	38,508,036	2,857,067
Compensated absences	3,719,283	2,039,210	1,996,154	3,762,339	140,000
Total	<u>\$ 135,932,991</u>	<u>\$ 20,639,210</u>	<u>\$ 20,851,437</u>	<u>\$ 135,720,764</u>	<u>\$ 7,652,126</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within one year
Business-type activities:					
Bonds payable:					
Utility revenue bonds	\$ 905,880,000	\$ -	\$ 16,805,000	\$ 889,075,000	\$ 107,535,000
Add: Issuance premiums	19,078,029	-	1,087,821	17,990,208	-
Total bonds payable	924,958,029	-	17,892,821	907,065,208	107,535,000
Utility notes payable	64,900,000	-	5,400,000	59,500,000	13,600,000
Capital lease	977,280,085	-	17,601,233	959,678,852	18,409,781
Other notes payable	5,911,880	-	222,212	5,689,668	332,401
Compensated absences	5,431,095	1,338,462	1,525,384	5,244,173	208,900
Total	<u>\$ 1,978,481,089</u>	<u>\$ 1,338,462</u>	<u>\$ 42,641,650</u>	<u>\$ 1,937,177,901</u>	<u>\$ 140,086,082</u>

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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 32,972,164	\$ 900,265	\$ 5,000	\$ 33,867,429
Construction in progress	<u>26,200,936</u>	<u>-</u>	<u>9,001,079</u>	<u>17,199,857</u>
Total capital assets, not being depreciated	59,173,100	900,265	9,006,079	51,067,286
Capital assets, being depreciated:				
Buildings	76,027,921	2,226,339	-	78,254,260
Improvements other than buildings	17,191,265	1,690,584	657,892	18,223,957
Machinery and equipment	47,509,177	5,301,777	1,327,408	51,483,546
Infrastructure	<u>191,005,741</u>	<u>30,616,545</u>	<u>-</u>	<u>221,622,286</u>
Total capital assets being depreciated	331,734,104	39,835,245	1,985,300	369,584,049
Less accumulated depreciation for:				
Buildings	(26,303,896)	(2,393,909)	-	(28,697,805)
Improvements other than buildings	(7,890,535)	(832,801)	(630,904)	(8,092,432)
Machinery and equipment	(33,784,486)	(3,676,878)	(1,279,402)	(36,181,962)
Infrastructure	<u>(113,901,341)</u>	<u>(3,509,751)</u>	<u>-</u>	<u>(117,411,092)</u>
Total accumulated depreciation	<u>(181,880,258)</u>	<u>(10,413,339)</u>	<u>(1,910,306)</u>	<u>(190,383,291)</u>
Total capital assets, being depreciated, net	<u>149,853,846</u>	<u>29,421,906</u>	<u>74,994</u>	<u>179,200,758</u>
Governmental activities capital assets, net	<u>\$ 209,026,946</u>	<u>\$ 30,322,171</u>	<u>\$ 9,081,073</u>	<u>\$ 230,268,044</u>

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

General Government	\$ 1,111,399
Public Safety	1,777,382
Transportation	3,948,915
Culture & Recreation	1,333,921
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets	<u>2,241,722</u>
Total depreciation expense - governmental activities	<u>\$ 10,413,339</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,314,253	\$ 2,150,184	\$ -	\$ 9,464,437
Construction in progress	136,976,050	75,938,249	97,019,709	115,894,590
Total capital assets, not being depreciated	144,290,303	78,088,433	97,019,709	125,359,027
Capital assets, being depreciated:				
Utility plant and equipment	1,783,669,959	95,139,355	12,155,344	1,866,653,970
Utility plant and equipment - capital lease	1,006,808,995	-	-	1,006,808,995
Buildings	44,531,936	1,422,858	7,560	45,947,234
Improvements other than buildings	4,646,967	990,498	-	5,637,465
Machinery and equipment	44,608,622	2,176,154	914,737	45,870,039
Infrastructure	41,565,240	484,305	-	42,049,545
Total capital assets, being depreciated	2,925,831,719	100,213,170	13,077,641	3,012,967,248
Less accumulated depreciation for:				
Utility plant and equipment	(695,993,359)	(59,263,852)	(10,585,217)	(744,671,994)
Utility plant and equipment - capital lease	(59,993,533)	(33,560,292)	-	(93,553,825)
Buildings	(4,040,689)	(1,259,541)	(7,560)	(5,292,670)
Improvements other than buildings	(2,738,729)	(190,139)	-	(2,928,868)
Machinery and equipment	(25,973,267)	(3,512,485)	(812,120)	(28,673,632)
Infrastructure	(19,447,720)	(801,032)	-	(20,248,752)
Total accumulated depreciation	(808,187,297)	(98,587,341)	(11,404,897)	(895,369,741)
Total capital assets, being depreciated, net	2,117,644,422	1,625,829	1,672,744	2,117,597,507
Business-type activities capital assets, net	<u>\$ 2,261,934,725</u>	<u>\$ 79,714,262</u>	<u>\$ 98,692,453</u>	<u>\$ 2,242,956,534</u>

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

Utility	\$ 92,824,144
Regional Transit System	4,654,912
Stormwater	917,912
Ironwood	164,689
Florida Building Code Enforcement	721
Solid Waste	24,963
Total depreciation expense - business type activities	<u>\$ 98,587,341</u>

For the Utility, the average depreciation rate was 3.92% for utility plant and equipment for fiscal year 2016.

CITY OF GAINESVILLE, FLORIDA
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NOTE 9 - INDIVIDUAL FUND DEFICITS

The following funds had deficit net position or fund balances at September 30, 2016:

Special Revenue Funds

<i>Urban Development Action Grant</i>	\$(55,156)
<i>Community Redevelopment Agency Fund</i>	\$(1,502,960)
<i>Art in Public Places</i>	\$(12,754)
<i>CIRN 2009 Capital Projects Fund</i>	\$(523)

Enterprise Fund

<i>Ironwood Golf Course</i>	\$(80,997)
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The Urban Development Action Grant Fund has a negative balance due to capital project expenditures were spent before funding was received. The fund will be receiving funds from the Fifth Avenue Tax Increment Fund to cover the deficit in fiscal year 2017.

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 2017.

The Capital Improvement Revenue Note 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 new Capital Project Fund assigned to these capital projects in fiscal year 2017.

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

NOTE 10 – COMPOSITION OF RECEIVABLES AND PAYABLES

Governmental activities

Receivables:

General Fund – Net accounts receivable as of September 30, 2016 are comprised of approximately 22% taxes (communications services tax and local option gas tax), 5% due from other governments, 2% receivables from employees, and 71% other receivables.

Nonmajor governmental funds – Net accounts receivable as of September 30, 2016 consist of approximately 86% intergovernmental receivables, and 14% other receivables.

Payables:

General Fund – As of September 30, 2016, the payables balance in the General Fund consists of 38% wages payable and 62% other payables.

Nonmajor governmental funds – Payables balances as of September 30, 2016 are comprised of 23% construction related obligations, 75% other payables and 2% wages payable.

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Business-type activities

Receivables:

Utility Fund – As of September 30, 2016 the net accounts receivable balance in the Utility Fund consists of 100% customer receivables for billed and unbilled utility services.

Nonmajor Enterprise Funds – Net accounts receivable as of September 30, 2016 are comprised of approximately 47% intergovernmental receivables and 53% other receivables.

Payables:

Utility Fund – As of September 30, 2016 the payables balance in the Utility Fund consists of 15% fuels payable, 45% standard vendor payables, 10% intergovernmental payables, 22% wages payable and 8% other payables.

Nonmajor Enterprise Funds – As of September 30, 2016 payables balances consist of 100% standard vendor payables.

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

Due to/from other funds:

Due to:	Due from:			Total
	Utility	Nonmajor governmental	Nonmajor Enterprise	
General	\$ 3,200,608	\$ 2,141,631	\$ 6,275,798	\$ 11,618,037
Nonmajor				
Governmental	415	-	-	415
Internal Service	480,025	-	-	480,025
Nonmajor				
Enterprise	1,208,532	-	-	1,208,532
Total	\$ 4,889,580	\$ 2,141,631	\$ 6,275,798	\$ 13,307,009

The \$6,275,798 interfund payable from enterprise funds to the General Fund resulted from Ironwood and Regional Transit overdrawn their share of the pooled cash account. The \$2,141,631 due to the General Fund from nonmajor governmental funds is entirely composed of an interfund payable resulting from certain funds overdrawn their share of the pooled cash account. All remaining balances resulted from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds:

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

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

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

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

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

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

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

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

Year ending September 30,	Advances from General Fund to CRA		
	Principal	Interest	Total
2017	\$ 255,096	\$ 94,267	\$ 349,363
2018	267,505	83,051	350,556
2019	282,257	70,511	352,768
2020	292,271	57,601	349,872
2021	230,758	45,740	276,498
2022-2025	<u>767,396</u>	<u>76,302</u>	<u>843,698</u>
Total	<u>\$ 2,095,283</u>	<u>\$ 427,472</u>	<u>\$ 2,522,755</u>

Interfund transfers:

	Transfers from:					Total
	General	Utility	Nonmajor governmental	Internal Service	Nonmajor Enterprise	
Transfers to:						
General	\$ -	\$ 34,994,591	\$ 257,041	\$ -	\$ 364,095	\$ 35,615,727
Nonmajor						
Governmental	15,086,704	-	10,872,286	74,776	2,146,427	28,180,193
Nonmajor						
Enterprise	<u>1,556,032</u>	<u>-</u>	<u>440,000</u>	<u>-</u>	<u>-</u>	<u>1,996,032</u>
Total	<u>\$ 16,642,736</u>	<u>\$ 34,994,591</u>	<u>\$ 11,569,327</u>	<u>\$ 74,776</u>	<u>\$ 2,510,522</u>	<u>\$ 65,791,952</u>

The Utility transfer totaling \$34,994,591 to the General Fund is based on a formula adopted by the City Commission. Please refer to Note 12 for more detail. \$9,777,328 was transferred from the General Fund to Debt Service Funds for scheduled debt service payments. Other interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

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

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

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

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

- A new base equal to the fiscal year 2014 General Fund Transfer level that would have been produced under the formula methodology that was in place from fiscal years 2001 through 2010.
- Growth of the base by 1.5% per year for fiscal years 2016 through 2019.
- Reduction of this amount by an amount equal to the property tax revenue that the City of Gainesville receives related to the GREC Biomass Facility.
- In addition to the components above, a further one-time reduction of \$250,000 for fiscal year 2015 only.
- The transfer to the General Fund for the year ended September 30, 2016 was \$34,994,591.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

General Utility

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

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

Environmental and Other Natural Resource Regulations

GRU and its operations are subject to federal, state and local environmental regulations which include, among other things, control of emissions of particulates, SO₂ and NO_x into the air; discharges of pollutants, including heat, into surface or ground water; the disposal of wastes and reuse of products generated by wastewater treatment and combustion processes; management of hazardous materials; and the nature of waste materials discharged into the wastewater system's collection facilities. Environmental regulations generally are becoming more numerous and more stringent and, as a result, may substantially increase the costs of the Utility's services by requiring changes in the operation of existing facilities as well as changes in the location, design, construction, and operation of new facilities [including both facilities that are owned and operated by GRU as well as facilities that are owned and operated by others, (including, particularly, GREC), from which the Utility purchases output, services, commodities

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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. Since the final rules for existing units were recently issued by the EPA, an in-depth analysis has not yet been completed. Therefore, management is unable to predict what impact such regulations will have on GRU.

Air Emissions

The Clean Air Act

The Clean Air Act regulates emissions of air pollutants, establishes national air quality standards for major pollutants, and requires permitting of both new and existing sources of air pollution. Among the provisions of the Clean Air Act that affect GRU's operations are: (1) the acid rain program, which requires nationwide reductions of SO₂ and NO_x from existing and new fossil-fueled electric generating plants, (2) provisions related to toxic or hazardous pollutants, (3) requirements to address regional haze, and (4) requirements to address effects on ambient air quality standards from transport of fine particulate matter and ozone (Cross State Air Pollution Rule).

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

The Cross-State Air Pollution Rule (CSAPR)

On July 6, 2011, the EPA released its final Cross-State Air Pollution Rule. This rule is the final version of the Transport Rule and replaces CAIR. In Florida, only ozone season NO_x emissions are regulated by CSAPR through the use of allowances. Various states, local governments, and other stakeholders challenged CSAPR and, on August 21, 2012, a three-judge panel of the D.C. Circuit Court, by a 2-1 vote, held that the EPA had exceeded its statutory authority in issuing CSAPR and vacated CSAPR along with certain related federal implementation plans. As part of its holding, the D.C. Circuit Court panel held that the EPA should continue to administer the original CAIR program until the EPA promulgates a valid replacement.

On October 5, 2012, the EPA filed a petition for rehearing *en banc* with the D.C. Circuit Court requesting that the full court reconsider the August 21, 2012 decision. That request was denied. On Friday, March 29, 2013, the Department of Justice and several environmental groups filed Petitions for *certiorari*, asking the Supreme Court to accept the case and overturn CSAPR. The Supreme Court granted *certiorari* on June 24, 2013. On April 29, 2014, the Supreme Court reversed part of the D.C. Circuit Court's decision, upholding parts of the CSAPR program, and remanded other issues back to the D.C. Circuit Court for further proceedings. The D.C. Circuit Court set a deadline of July 3, 2014, for the parties to brief on how they would like to proceed with the remaining issues and lawsuits. On June 26, 2014, the EPA filed a Motion with the D.C. Circuit Court to lift the stay of the CSAPR. EPA has indicated that, at this time, CAIR remains in place and that no immediate action by the states or affected sources is expected. EPA is reviewing the Supreme Court's decision and is evaluating next steps, including how to address compliance deadlines that passed during the ongoing litigation and stay. On October 23, 2014, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) granted EPA's request that the court lift the stay of the Cross State Air Pollution Rule. While the

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court did not specifically address EPA's request that the court extend CSAPR's compliance deadlines by three years, GRU believes that, by granting EPA's motion, the court granted EPA's request.

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

Mercury and Air Toxics Standards (MATS)

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

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

On April 14, 2016, the Administrator of the Environmental Protection Agency (EPA) signed the final supplemental finding in the Mercury and Air Toxic Standard (MATS) rule. The new "appropriate and necessary" finding responds to the U.S. Supreme Court decision in *Michigan v. EPA*, and explains how EPA has taken cost into account in evaluating whether it is appropriate and necessary to regulate coal- and- oil-fired electric utility steam generating units (EGUs) under Section 112 of the Clean Air Act (CAA). EPA still concludes it is proper to regulate mercury emissions from power plants.

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

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Murray Energy became the first party to appeal the final MATS Appropriate and Necessary Finding, filing its petition for review on April 25, 2016, the same day the rule was published in the Federal Register. 81 Fed. Reg. 24,420 (Apr. 25, 2016). All petitions for review of the Finding must be filed in the U.S. Court of Appeals for the District of Columbia Circuit no later than June 24, 2016. As of the deadline, the following petitions for review have been filed in the U.S. Court of Appeals for the District of Columbia Circuit ("D.C. Circuit"):

- *Murray Energy Corp. v. EPA*, No. 16-1127;
- *ARIPPA v. EPA*, No. 16-1175;
- *Michigan v. EPA*, No. 16-1204;
- *Oak Grove Management Co. v. EPA*, No. 16-1206;
- *Southern Company Services, Inc. v. EPA*, No. 16-1208; and
- *Utility Air Regulatory Group v. EPA*, No. 16-1210.

The cases have been consolidated under the lead case *Murray Energy Corp. v. EPA*, No. 16-1127.

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

- EPA Brief: January 19, 2017
- Brief(s) of Respondent-Intervenors: February 10, 2017
- Reply brief(s) of State and Industry Petitioners: February 24, 2017
- Deferred Appendix: March 10, 2017
- Briefs of State and Industry Petitioners: November 18, 2016
- Final Briefs: March 24, 2017

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

Effluent Limitation Guidelines

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

On September 30, 2015, EPA issued a final rule addressing ELGs for power plants under the Clean Water Act. The final rule establishes Best Available Technology Economically Achievable ("BAT"), New Source Performance Standards ("NSPS"), Pretreatment Standards for Existing Sources ("PSES"), and Pretreatment Standards for New Sources ("PSNS") that may apply to discharges of six waste streams: flue gas desulfurization ("FGD") wastewater,

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fly ash transport water, bottom ash transport water, FGMC wastewater, gasification wastewater, and combustion residual leachate.

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

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

Regional Haze

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

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

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

Internal Combustion Engine MACT

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

Climate Change

Control of GHGs such as CO₂ is receiving a great deal of attention within the United States. On April 2, 2007, the United States Supreme Court issued a decision in *Massachusetts v. Environmental Protection Agency*, 549 U.S. 497, holding that GHG emissions are air pollutants under the Clean Air Act requiring the EPA to determine whether GHGs pose a threat to health and welfare. On December 15, 2009, the EPA published the final rule for the endangerment finding under the Clean Air Act. In the finding, the EPA declared that the six identified GHGs – CO₂, methane, nitrous oxide, hydro-fluorocarbons, perfluorocarbons, and sulfur hexafluoride – cause or contribute

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to global warming, and that the effects of climate change endanger public health and welfare by increasing the likelihood of severe weather events and the other related consequences of climate change (the Endangerment Finding). The issuance of the Endangerment Finding triggered the statutory requirement that the EPA regulate emissions of GHGs as air pollutants from motor vehicles. Such regulations were finalized on April 1, 2010, when the EPA and the United States Department of Transportation issued a joint final rule imposing GHG emission standards on light-duty vehicles (cars and light trucks) (Tailpipe Rule). That regulation took effect on January 2, 2011.

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

On May 13, 2010, the EPA issued a final rule for determining the applicability of the PSD program to GHG emissions from major sources. The rule, known as the Tailoring Rule, establishes criteria for identifying facilities required to obtain PSD permits and the emissions thresholds at which permitting and other regulatory requirements apply. The applicability threshold levels established by this rule include both a mass-based calculation and a metric known as the carbon dioxide equivalent, or CO₂e, which incorporates the global warming potential for each of the six individual gases that comprise the collective GHG defined in the endangerment finding.

The Tailoring Rule required, as of January 2, 2011, sources that are subject to PSD and/or Title V permits due to their non-GHG emissions (such as fossil fuel based electric generating facilities for their NO_x, SO₂ and other emissions) would have to address GHG emissions in new permit applications or renewals. Construction or modification of major sources became subject to PSD requirements for their GHG emissions if the construction or modification resulted in a net increase in the overall mass of GHG emissions exceeding 75,000 tons per year on a CO₂e basis. New and modified major sources required to obtain a PSD permit were required to conduct a BACT review for their GHG emissions. With respect to Title V requirements sources that were required to have Title V permits for non-GHG pollutants were required to address GHGs as part of their Title V permitting. The 75,000 tons per year CO₂e applicability threshold did not apply, so when any source applied for, renewed, or revised a Title V permit, the Clean Air Act requirements for monitoring, recordkeeping and reporting were included. On June 26, 2012, the United States Court of Appeals for the D.C. Circuit Court upheld the Endangerment Finding and the Tailpipe Rule and found that the petitioners did not have standing to challenge the Timing and Tailoring Rules. The court dismissed all petitions for review of the Timing and Tailoring Rules for lack of jurisdiction and denied the petitions for review of the Endangerment Finding and the Tailpipe Rule.

On October 15, 2013, following a December 2012 denial of rehearing en banc, the United States Supreme Court granted six of nine petitions for certiorari, agreeing to review the single issue of whether the EPA acted within its authority under the Clean Air Act when it determined that its regulation of GHG emissions from motor vehicles triggered permitting requirements for stationary sources that emit GHGs (*Utility Air Regulatory Group v. Environmental Protection Agency*, Case No. 12-1146). Petitioners filed briefs in support of their petitions in December 2013. They argued that EPA's automatic trigger interpretation was impermissible because EPA could have avoided the results by interpreting the PSD provisions as applying only to certain pollutants that do not include GHGs, or by reading section 166 of the Clean Air Act as the only mechanism for adding pollutants to the PSD program. In addition, petitioners argued that EPA's tailored regulation of greenhouse gases under the PSD program would be an unconstitutional delegation of authority because the Clean Air Act provides no intelligible principle for such an exercise of discretionary power. They also requested that the Supreme Court revisit *Massachusetts v. EPA* and possibly overrule it if it requires coverage of greenhouse gases under the PSD program.

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

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

On June 25, 2013, President Obama issued a Presidential Memorandum directing the EPA to work expeditiously to complete GHG standards for the power sector. The agency is using its authority under section 111(d) of the Clean Air Act to issue emission guidelines, to address GHG emissions from existing power plants. The Presidential Memorandum specifically directed EPA to build on state leadership, provide flexibility and take advantage of a wide range of energy sources and technologies towards building a cleaner power sector. The Presidential Memorandum directed EPA to issue proposed GHG standards, regulations, or guidelines, as appropriate, for existing power plants by no later than June 1, 2014, and issue final standards, or guidelines, as appropriate, by no later than June 1, 2015. In addition, the Presidential Memorandum directed EPA to include in the guidelines addressing existing power plants a requirement that states submit to EPA the implementation plans required under section 111(d) of the Clean Air Act and its implementing regulations by no later than June 30, 2016, subject to states being able to request more time to submit complete implementation plans and the EPA being able to allow states until June 30, 2017 or June 30, 2018, as appropriate, to submit additional information completing the 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 the Clean Power Plan. Initially, it appears that the reductions for Florida have been relaxed somewhat. Due to the size and complexity of the rule, GRU has not determined the impact on operations at this time but is working closely with the trade associations it is a member of (FCG, Class of '85, APPA, and FMEA) to determine the impact.

Coal Ash

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

Under the first proposed regulatory option, the EPA would list coal ash destined for disposal in landfills or surface impoundments as special wastes subject to regulation under Subtitle C of RCRA. Subtitle C regulations set forth the EPA's hazardous waste regulatory program, which regulate the generation, handling, transport and disposal of wastes. The proposed rule would create a new category of waste under Subtitle C, so that coal ash would not be classified as a hazardous waste, but would be subject to many of the regulatory requirements applicable to such wastes.

Under this option, coal ash would be subject to technical and permitting requirements from the point of generation to final disposal. Generators, transporters, and treatment, storage and disposal facilities would be subject to federal

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requirements and permits. The EPA is considering imposing disposal facility requirements such as liners, groundwater monitoring, fugitive dust controls, financial assurance, corrective action, closure of units, and post-closure care. This first option also proposes requirements for dam safety and stability for surface impoundments, land disposal restrictions, treatment standards for coal ash, and a prohibition on the disposal of treated coal ash below the natural water table. The first option would not apply to certain beneficial reuses of coal ash.

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

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

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

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

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

Storage Tanks

GRU is required to demonstrate financial responsibility for the costs of corrective actions and compensation of third-parties for bodily injury and property damage arising from releases of petroleum products and hazardous substances from certain underground and above-ground storage 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 and two above-ground No. 6 oil tanks (currently not in service), and DH has one above-ground distillate and two above-ground No. 6 oil tanks (one currently not in service). All of the GRU's fuel storage tanks have secondary containment and/or interstitial monitoring and the Utility is insured for the requisite amounts.

Superfund and Remediation Sites

CERCLA, as well as parallel state statutes, require cleanup of sites from which there has been a release or threatened release of hazardous substances and authorizes the EPA to take any necessary response action at Superfund sites, including ordering a potentially responsible party (PRP) liable for the release to take or pay for such actions. PRPs are broadly defined under CERCLA to include past and present owners and operators of, as well as generators of wastes sent to, a site. GRU is a PRP at the Bill Johns Waste Oil Site in Jacksonville, Florida under these statutes.

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GRU's liability at this site was incurred through the improper management of waste oils by operators providing services under contract to the Utility. GRU is no more than a de minimis party at this site and has already resolved its liability with the EPA and is currently working with the State to resolve State liability issues.

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

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

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

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

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

Water Use Restrictions

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

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

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The SJRWMD and the Suwannee River Water Management District (SRWMD) each have promulgated regulations referred to as Year-Round Water Conservation Measures, for the purpose of increasing long-term water use efficiency through regulatory means. In addition, the SJRWMD and the SRWMD each have promulgated regulations referred to as a Water Shortage Plan, for the purpose of allocating and conserving the water resource during periods of water shortage and maintaining a uniform approach towards water use restrictions. Each Water Shortage Plan sets forth the framework for imposing restrictions on water use for non-essential purposes when deemed necessary by the applicable water management district. On August 7, 2012, in order to assist the SJRWMD and the SRWMD in the implementation and enforcement of such Water Conservation Measures and such Water Shortage Plans, the Board of County Commissioners of Alachua County enacted an ordinance creating year-round water conservation measures and water shortage regulations (County Water Use Ordinance), thereby making such Water Conservation Measures and such Water Shortage Plans applicable to the unincorporated areas of the County. On December 20, 2012, the City Commission adopted a resolution to opt into the County's year round water conservation measures and water shortage regulations ordinances in order to give the Alachua County Environmental Protection Department the authority to enforce water shortage orders and water shortage emergencies within the City. GRU cannot predict what effects these factors will have on the business, operations, and financial condition of the Utility, but the effects could be significant.

Manufactured Gas Plant

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

Based upon GRU's analysis of the cost to clean up this site, GRU has accrued a liability to reflect the costs associated with the cleanup effort. During fiscal year 2016, expenditures which reduced the liability balance was approximately \$1,013,222. The reserve balance at September 30, 2016 was approximately \$629,000.

GRU is recovering the costs of this cleanup through customer charges. A regulatory asset was established for the recovery of remediation costs from customers. Fiscal 2016 customer billings were \$1,127,930. The regulatory asset balance was \$14,026,026 as of September 30, 2016.

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

GREC

On March 10, 2016, Gainesville Renewable Energy Center, LLC ("GREC"), filed arbitration (American Arbitration Association Case No. 01-16-0000-8157) against the City doing business as the Gainesville Regional Utilities ("GRU"), initially challenging GRU's withholding payment of invoiced amounts pursuant to the long-term power purchase agreement between GRU and GREC ("PPA"). As of January 31, 2017, \$7.4 million (including accrued interest) has been withheld by GRU based on disputed amounts actually invoiced by GREC. In addition, GREC has alleged claims in contract and tort that it asserts could result in aggregate damages to GREC of over \$100 million. Likewise, GRU has alleged claims in contract that could result in aggregate damages to GRU of over \$100 million. At this stage in the proceedings, neither party has substantiated the dollar value of these additional claims to the tribunal. At this stage in the proceedings, it is not possible for GRU to predict the outcome of these claims.

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However, GRU is vigorously defending against the GREC Counts in arbitration and believes that (i) some or all of any damages resulting from the GREC Counts constituting tort claims would be subject to sovereign immunity claims processes and statutory caps, (ii) some or all of any damages resulting from the tort claims may be covered by liability insurance of the City, and (iii) regardless of whether GREC is successful on any of the GREC Counts, GRU Management believes that any potential liability of GRU will not have a material adverse effect on the financial conditions of GRU.

Operating Leases

GRU leases various equipment, facilities and property under operating leases that are cancelable only under certain circumstances. Rental costs under operating leases for the year ended September 30, 2016 were \$125,000.

Future minimum rental payments for various operating leases are:

<u>Years Ending September 30:</u>	<u>Future Minimum Rental Payments</u>
2017	\$ 109,462
2018	103,333
2019	27,066
2020	7,433
2021	7,203
2022-2026	30,250
2027-2031	30,250
2032-2036	30,250
2037-2041	30,250
2042-2046	30,250
2047	6,050
	<u>\$ 411,797</u>

NOTE 14 - LEASE REVENUE

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

Future minimum rental revenue for various operating leases are:

<u>Year ending September 30:</u>	<u>Future Minimum Rental Revenue</u>
2017	\$ 1,161,417
2018	1,157,072
2019	1,072,435
2020	1,010,806
2021	923,374
2022-2026	3,647,212
2027-2031	2,120,963
2032-2035	652,415
	<u>\$ 11,745,694</u>

NOTE 15 - INVESTMENT IN THE ENERGY AUTHORITY

GRU has an equity investment in The Energy Authority (TEA), a power marketing corporation comprised of eight municipal utilities as of September 30, 2016: MEAG Power, JEA (Florida), South Carolina Public Service Authority, Nebraska Public Power District, GRU, City Utilities of Springfield (Missouri), Public Utility District No.

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September 30, 2016

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, 2016, sales to TEA totaled \$394,624 and purchases from TEA totaled \$20,047,346. GRU's equity interest was 5.6% for fiscal year 2016, and GRU accounted for this investment using the equity method of accounting. As of September 30, 2016, GRU's investment in TEA was \$2.1 million.

Through a combination of agreements, GRU guaranteed credit received by TEA for \$23.1 million as of September 30, 2016. 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, 2016, GRU had not recorded a liability related to these guarantees. TEA's accounting records are maintained in conformity with the pronouncements of the GASB. The table below contains unaudited condensed financial information for TEA for the period ended September 30, 2016.

Condensed Statement of Operations:	(in thousands)
Total Revenue	\$ 1,039,075
Total Cost of Sales and Expense	(1,008,613)
Operating Income	<u>30,462</u>
Nonoperating (Expense)	10
Change in Net Position	<u><u>\$ 30,472</u></u>
 Condensed Balance Sheet:	
Assets:	
Current Assets	\$ 128,527
Noncurrent Assets	12,282
Total Assets	<u><u>\$ 140,809</u></u>
Liabilities:	
Current Liabilities	\$ 102,615
Noncurrent Liabilities	346
Total Liabilities	<u>\$ 102,961</u>
Total Net Position	37,848
Total Liabilities and Net Position	<u><u>\$ 140,809</u></u>

As of September 30, 2016, GRU's accounts receivable due from TEA totaled approximately \$288,000. TEA issues stand-alone audited financial statements on a calendar year basis which may be obtained by writing to 76 South Laura Street; Suite 1500; Jacksonville, Florida 32202.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2016

NOTE 16 – CONDUIT DEBT

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

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



CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGETED AMOUNTS		ACTUAL	ENCUMBRANCES	BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
REVENUES						
Taxes	\$ 41,439,156	\$ 41,440,027	\$ 41,402,447	\$ -	\$ 41,402,447	\$ (37,580)
Licenses and permits	948,516	948,516	943,444	-	943,444	(5,072)
Intergovernmental	12,575,385	12,575,385	13,023,993	-	13,023,993	448,608
Charges for services	14,926,680	14,953,264	15,081,655	-	15,081,655	128,391
Fines and forfeitures	1,459,451	1,458,611	1,228,781	-	1,228,781	(229,830)
Miscellaneous	1,432,074	1,336,195	1,580,219	-	1,580,219	244,024
TOTAL REVENUES	72,781,262	72,711,998	73,260,539	-	73,260,539	548,541
EXPENDITURES						
Current:						
General government	16,602,099	17,147,577	16,044,498	-	16,044,498	1,103,079
Public safety	56,373,952	57,076,464	55,699,775	62,618	55,762,393	1,314,071
Physical environment	187,183	187,183	187,153	-	187,153	30
Transportation	12,055,761	12,210,231	11,174,274	135,354	11,309,628	900,603
Economic environment	474,736	514,736	414,883	-	414,883	99,853
Human services	145,670	160,670	99,320	-	99,320	61,350
Culture and recreation	7,444,503	7,386,625	7,723,176	7,125	7,730,301	(343,676)
TOTAL EXPENDITURES	93,283,904	94,683,486	91,343,079	205,097	91,548,176	3,135,310
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,502,642)	(21,971,488)	(18,082,540)	(205,097)	(18,287,637)	3,683,851
OTHER FINANCING SOURCES (USES)						
Transfers in	35,818,031	35,853,593	35,615,727	-	35,615,727	(237,866)
Transfers out	(16,305,252)	(16,703,996)	(16,642,736)	-	(16,642,736)	61,260
TOTAL OTHER FINANCING SOURCES (USES)	19,512,779	19,149,597	18,972,991	-	18,972,991	(176,606)
NET CHANGE IN FUND BALANCES	\$ (989,863)	\$ (2,821,891)	\$ 890,451	\$ (205,097)	\$ 685,354	\$ 3,507,245

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2016

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

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

The City Manager can approve budget transfers within and between operating departments and divisions of the same fund. All interfund budget transfers require prior approval of the City Commission, as do transfers from contingency funds exceeding \$25,000. Transfers concerning personnel can be made as long as the total number of permanent positions approved in the budget is not exceeded.

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

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

As illustrated on the previous page, on the budgetary basis, total expenditures were \$3,135,310 less than the final budget. Revenues were recognized in an amount \$548,541 greater than the final budget. Including other financing sources and uses, the General Fund fund balance increased by \$3,507,245 more than was budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service costs	\$ 7,789,638	\$ 7,153,541	\$ 6,612,646
Interest	38,189,162	35,741,289	36,171,225
Differences between expected and actual experience	1,125,190	1,954,558	1,105,967
Transfer from Disability Plan	-	2,455,848	-
Changes of assumptions	4,860,706	15,880,346	-
Benefit payments, including refunds of employee contributions	(37,252,988)	(28,306,207)	(31,819,142)
Net change in total pension liability	14,711,708	34,879,375	12,070,696
Total pension liability-beginning	470,947,246	436,067,871	423,997,175
Total pension liability-ending (a)	<u>\$ 485,658,954</u>	<u>\$ 470,947,246</u>	<u>\$ 436,067,871</u>
Plan fiduciary net position			
Employer contributions	13,481,032	11,746,935	11,519,431
Employee contributions	7,947,069	4,429,289	4,260,476
Net investment income	39,190,078	(2,486,089)	34,176,892
Transfer from Disability Plan	-	2,320,442	-
Benefit payments, including refunds of employee contributions	(37,252,988)	(28,306,207)	(26,161,924)
Administrative expense	(670,867)	(580,988)	(613,886)
Net change in plan fiduciary net position	22,694,324	(12,876,618)	23,180,989
Plan fiduciary net position-beginning	334,603,947	347,480,565	324,299,576
Plan fiduciary net position-ending (b)	<u>\$ 357,298,271</u>	<u>\$ 334,603,947</u>	<u>\$ 347,480,565</u>
City's net pension liability-ending (a)-(b)	<u>\$ 128,360,683</u>	<u>\$ 136,343,299</u>	<u>\$ 88,587,306</u>
Plan fiduciary net position as a percentage of the total pension liability	73.57%	71.05%	79.68%
Annual covered payroll	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532
Net pension liability as a percentage of covered employee payroll	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 8.3% in 2015 to 8.2% in 2016. The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to Schedule:

Methods and assumptions used to determine contribution rates

Actuarial cost method	Individual entry age, level percent of pay
Amortization method	Level percentage, closed
Remaining amortization period	21 to 30 years based on year established; gains/losses, assumption plan changes over 30 years from inceptions
Asset valuation method	Actuarial value, based on 5-year recognition of returns greater or less than the assumed investment return
Inflation rate	3.75%
Future rate of growth in valuation payroll	4.50%
Investment return rate	8.20%
Salary increase rate	3.75% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 Combined Healthy Mortality Table-Dynamic with projection to valuation year

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service costs	\$ 4,094,841	\$ 3,730,365
Interest	23,375,806	19,299,422
Differences between expected and actual experience	(140,568)	-
Changes of assumptions	2,608,508	2,523,158
Benefit payments, including refunds of employee contributions	(17,602,583)	(12,898,782)
Net change in total pension liability	12,336,004	12,654,163
Total pension liability-beginning	245,915,632	233,261,469
Total pension liability-ending (a)	<u>\$ 258,251,636</u>	<u>\$ 245,915,632</u>
Plan fiduciary net position		
Employer contributions	\$ 3,682,847	\$ 3,855,020
Employee contributions	1,972,417	2,067,685
State contributions	1,269,827	1,259,995
Net investment income	(93,259)	21,911,535
Benefit payments, including refunds of employee contributions	(17,602,583)	(12,898,782)
Administrative expense	(609,229)	(609,264)
Net change in plan fiduciary net position	(11,379,980)	15,586,189
Plan fiduciary net position-beginning	217,047,910	201,461,721
Plan fiduciary net position-ending (b)	<u>\$ 205,667,930</u>	<u>\$ 217,047,910</u>
City's net pension liability-ending (a)-(b)	<u>\$ 52,583,706</u>	<u>\$ 28,867,722</u>
Plan fiduciary net position as a percentage of the total pension liability	79.64%	88.26%
Annual covered payroll	\$ 25,539,198	\$ 24,364,333
Net pension liability as a percentage of covered employee payroll	205.89%	118.48%

Notes to Schedule:

Changes of Assumptions: The investment rate of return was changed from 8.3% to 8.2% for 2016.

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

* September 30, 2015 was the latest available measurement date.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,716,354	\$ 3,682,847	\$ 3,855,020
Contributions in relation to the actuarially determined contribution	<u>3,716,354</u>	<u>3,682,847</u>	<u>3,855,020</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 27,772,920	\$ 25,539,198	\$ 24,364,333
Contributions as percentage of covered payroll	13.38%	14.42%	15.82%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	30 years
Asset valuation method	Actuarial value
Inflation rate	3.00%
Future rate of growth in valuation payroll	3.22%
Investment return rate	8.20%, net of investment expenses
Salary increase rate	4.00% to 7.00%
Retirement rates	Schedule of probabilities based on age and service, increasing as age and service increase
Mortality rates	RP-2000 combined fully generational mortality table with blue collar adjustment

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Note to Schedule:
The schedule will present ten years comparative data in the future.

REQUIRED SUPPLEMENTARY INFORMATION**CITY OF GAINESVILLE, FLORIDA**
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded ratio (a/b)	Covered Payroll (c)	UAAL as % of covered payroll (b-a)/c
09/30/16	\$ 59,442,474	\$ 59,679,811	\$ 237,337	99.60%	\$ 117,500,000	0.20%
09/30/15	56,422,165	63,325,773	6,903,608	89.10%	131,000,000	5.27%
09/30/14	59,867,314	66,343,732	6,476,418	90.24%	126,000,000	5.14%

Notes to Schedule:

Valuation Date	09/30/16
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of salary
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return*	8.20% per annum
Health Care Cost Trend Rate	
Initial	8.10%/7.50%
Ultimate	4.50%

* Includes inflation of 3.75%.

NONMAJOR GOVERNMENT FUNDS

SPECIAL REVENUE FUNDS

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

The City maintains the following Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hurricane Hermine 2016 Fund – to account for revenue and expenditures incurred during and from the recovery of Hurricane Hermine.

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

The City maintains the following Debt Service Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

The City maintains the following Capital Projects Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	SPECIAL REVENUE FUNDS				
	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
ASSETS					
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ 105,940	\$ 157,982
Investments	-	-	-	-	-
Receivables	419,239	-	573,495	1,024	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	315,251
TOTAL ASSETS	\$ 419,239	\$ -	\$ 573,495	\$ 106,964	\$ 473,233
LIABILITIES					
Accounts payable and accrued liabilities	\$ 40,842	\$ 49,431	\$ 16,222	\$ 17,196	\$ 310,257
Due to other funds	172,770	5,725	432,005	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	213,612	55,156	448,227	17,196	310,257
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	33,165	-	26,673	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	33,165	-	26,673	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	172,462	-	98,595	-	162,976
Committed	-	-	-	89,768	-
Assigned	-	-	-	-	-
Unassigned	-	(55,156)	-	-	-
Total Fund Balances	172,462	(55,156)	98,595	89,768	162,976
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 419,239	\$ -	\$ 573,495	\$ 106,964	\$ 473,233

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (continued)

	FEDERAL LAW EN- FORCEMENT CONTRABAND FORFEITURE FUND	POLICE BILLABLE OVERTIME FUND	COMMUNITY REDEVEL- OPMENT AGENCY FUND	STREET, SIDEWALK AND DITCH IMPROVE- MENT FUND	ECONOMIC DEVELOP- MENT FUND
ASSETS					
Equity in pooled cash and investments	\$ 1,357,428	\$ -	\$ 613,208	\$ 180,659	\$ 297,873
Investments	-	-	-	-	-
Receivables	-	226,875	3,529	2,611	39,459
Due from other funds	-	415	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 1,357,428	\$ 227,290	\$ 616,737	\$ 183,270	\$ 337,332
LIABILITIES					
Accounts payable and accrued liabilities	\$ 6,204	\$ 3,986	\$ 24,414	\$ -	\$ 468
Due to other funds	-	216,353	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	2,095,283	-	-
Total Liabilities	6,204	220,339	2,119,697	-	468
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	3,458	-
Total Deferred Inflows of Resources	-	-	-	3,458	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,351,224	-	-	179,812	-
Committed	-	6,951	-	-	336,864
Assigned	-	-	-	-	-
Unassigned	-	-	(1,502,960)	-	-
Total Fund Balances	1,351,224	6,951	(1,502,960)	179,812	336,864
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,357,428	\$ 227,290	\$ 616,737	\$ 183,270	\$ 337,332

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (continued)

	MISCEL- LANEOUS GIFTS AND GRANTS FUND	TRANSPOR- TATION CONCURRENCY EXCEPTION AREA FUND	WATER AND WASTEWATER SURCHARGE INFRA- STRUCTURE FUND	SHIP FUND	SMALL BUSINESS LOAN FUND
ASSETS					
Equity in pooled cash and investments	\$ -	\$ 4,393,861	\$ 698,607	\$ 1,221,628	\$ 71,201
Investments	-	-	-	-	-
Receivables	2,244,831	-	20,306	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 2,244,831	\$ 4,393,861	\$ 718,913	\$ 1,221,628	\$ 71,201
LIABILITIES					
Accounts payable and accrued liabilities	\$ 117,618	\$ 27,455	\$ -	\$ 2,278	\$ -
Due to other funds	1,247,281	-	-	-	-
Unearned revenues	91,761	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	1,456,660	27,455	-	2,278	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	788,171	4,366,406	-	1,219,350	-
Committed	-	-	718,913	-	71,201
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	788,171	4,366,406	718,913	1,219,350	71,201
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,244,831	\$ 4,393,861	\$ 718,913	\$ 1,221,628	\$ 71,201

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (continued)

	MISC- ELLANEOUS SPECIAL REVENUE FUND	TOURIST DESTINATION ENHANCE- MENT FUND	HURRICANE HERMINE 2016 FUND	TOURIST PRODUCT DEVELOP FY12 FUND	TOURIST PRODUCT DEVELOP FY13 FUND
ASSETS					
Equity in pooled cash and investments	\$ 935,513	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	64,852	-	-	41,060	14,449
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 1,000,365	\$ -	\$ -	\$ 41,060	\$ 14,449
LIABILITIES					
Accounts payable and accrued liabilities	\$ 50,066	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	41,060	13,160
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	50,066	-	-	41,060	13,160
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	536,390	-	-	-	1,289
Committed	-	-	-	-	-
Assigned	413,909	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	950,299	-	-	-	1,289
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,000,365	\$ -	\$ -	\$ 41,060	\$ 14,449

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (continued)

	TOURIST PRODUCT DEVELOP FY14 FUND	TOURIST PRODUCT DEVELOP FY15 FUND	TOURIST PRODUCT DEVELOP FY16 FUND	TREE MITIGATION FUND	EVERGREEN CEMETERY TRUST FUND	SCHOOL CROSSING GUARD TRUST FUND
<u>ASSETS</u>						
Equity in pooled cash and investments	\$ 5,050	\$ 27,768	\$ 211,116	\$ 2,472,266	\$ 14,876	\$ 66,697
Investments	-	-	-	-	1,515,587	-
Receivables	-	-	-	-	267	-
Due from other funds	-	-	-	-	-	-
Assets held for evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,050	\$ 27,768	\$ 211,116	\$ 2,472,266	\$ 1,530,730	\$ 66,697
<u>LIABILITIES</u>						
Accounts payable and accrued liabilities	\$ -	\$ 23,328	\$ 132,348	\$ 11,419	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	23,328	132,348	11,419	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred revenue-notes receivable	-	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
<u>FUND BALANCES</u>						
Nonspendable	-	-	-	-	973,501	-
Restricted	5,050	4,440	78,768	-	557,229	66,697
Committed	-	-	-	2,460,847	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	5,050	4,440	78,768	2,460,847	1,530,730	66,697
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,050	\$ 27,768	\$ 211,116	\$ 2,472,266	\$ 1,530,730	\$ 66,697

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (concluded)

	ART IN PUBLIC PLACES TRUST FUND	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND	FIFTH AVENUE TAX INCREMENT FUND	COLLEGE PARK TAX INCREMENT FUND	EASTSIDE TAX INCREMENT FUND
ASSETS					
Equity in pooled cash and investments	\$ -	\$ 2,598,162	\$ 780,260	\$12,182,692	\$ 2,675,021
Investments	-	-	-	-	-
Receivables	-	14,093	1,390	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 2,612,255	\$ 781,650	\$12,182,692	\$ 2,675,021
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 122,826	\$ 15,530	\$ 3,722	\$ 62,523
Due to other funds	12,754	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	12,754	122,826	15,530	3,722	62,523
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	1,390	-	-
Total Deferred Inflows of Resources	-	-	1,390	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	2,489,429	764,730	12,178,970	2,612,498
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(12,754)	-	-	-	-
Total Fund Balances	(12,754)	2,489,429	764,730	12,178,970	2,612,498
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 2,612,255	\$ 781,650	\$12,182,692	\$ 2,675,021

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

DEBT SERVICE FUNDS

	FFGFC SERIES 2005	FFGFC SERIES 2007	GUARANTEED ENTITLEMENT REFUNDING BONDS 2004	PENSION OBLIGATION BOND SERIES 2003A	PENSION OBLIGATION BOND SERIES 2003B
ASSETS					
Equity in pooled cash and investments	\$ 141,204	\$ 3,694	\$ 144,958	\$ 127,667	\$ 172,646
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 141,204	\$ 3,694	\$ 144,958	\$ 127,667	\$ 172,646
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	141,204	3,694	144,958	127,667	172,646
Unassigned	-	-	-	-	-
Total Fund Balances	141,204	3,694	144,958	127,667	172,646
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 141,204	\$ 3,694	\$ 144,958	\$ 127,667	\$ 172,646

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

DEBT SERVICE FUNDS (continued)

	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2005	GPD ENERGY CONSERV. MASTER CAPITAL LEASE	CAPITAL IMPROVEMENT REVENUE NOTE (CIRN) 2009	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2010	REVENUE REFUNDING NOTE SERIES 2011
ASSETS					
Equity in pooled cash and investments	\$ -	\$ 90,481	\$ 96,787	\$ 100,121	\$ 19,170
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 90,481	\$ 96,787	\$ 100,121	\$ 19,170
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 8,449	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	8,449	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	82,032	96,787	100,121	19,170
Unassigned	-	-	-	-	-
Total Fund Balances	-	82,032	96,787	100,121	19,170
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 90,481	\$ 96,787	\$ 100,121	\$ 19,170

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

DEBT SERVICE FUNDS (concluded)

	CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A	REVENUE REFUNDING NOTE SERIES 2014	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2014	REVENUE REFUNDING NOTE SERIES 2016A	CAPITAL IMPROV. REVENUE NOTE (CIRN) 2016B
ASSETS					
Equity in pooled cash and investments	\$ 37,267	\$ 36,373	\$ 179,085	\$ 6,520	\$ 4,074
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 37,267	\$ 36,373	\$ 179,085	\$ 6,520	\$ 4,074
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 6,499	\$ 4,062
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	-	-	6,499	4,062
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	37,267	36,373	179,085	21	12
Unassigned	-	-	-	-	-
Total Fund Balances	37,267	36,373	179,085	21	12
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 37,267	\$ 36,373	\$ 179,085	\$ 6,520	\$ 4,074

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

CAPITAL PROJECTS FUNDS

	GENERAL CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT CONSTRUCTION FUND	GREENSPACE AND COMMUNITY IMPROVEMENT FUND	ROADWAY CONSTRUCTION FUND 96	CAPITAL PROJECTS FUND 02
ASSETS					
Equity in pooled cash and investments	\$ 3,850,190	\$ 12,783	\$ 1,314,990	\$ 65,450	\$ 590,746
Investments	-	-	-	-	-
Receivables	19,500	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 3,869,690	\$ 12,783	\$ 1,314,990	\$ 65,450	\$ 590,746
LIABILITIES					
Accounts payable and accrued liabilities	\$ 484,075	\$ -	\$ -	\$ -	\$ 382
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	484,075	-	-	-	382
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	508,322	-	-	-	-
Committed	-	-	-	-	-
Assigned	2,877,293	12,783	1,314,990	65,450	590,364
Unassigned	-	-	-	-	-
Total Fund Balances	3,385,615	12,783	1,314,990	65,450	590,364
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,869,690	\$ 12,783	\$ 1,314,990	\$ 65,450	\$ 590,746

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

CAPITAL PROJECTS FUNDS (continued)

	FIFTH AVENUE/ PLEASANT ST REHAB PROJ FUND 02	DOWNTOWN PARKING GARAGE SALES TAX FUND	FFGFC 05 CAPITAL PROJECTS FUND	39TH AVENUE FLEET GARAGE EXPANSION FUND	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND
ASSETS					
Equity in pooled cash and investments	\$ 7,968	\$ 952	\$ 162,818	\$ 440	\$ 2,213,491
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 7,968	\$ 952	\$ 162,818	\$ 440	\$ 2,213,491
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 19,944	\$ -	\$ 13,187
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	-	19,944	-	13,187
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	952	-	-	-
Committed	-	-	-	-	-
Assigned	7,968	-	142,874	440	2,200,304
Unassigned	-	-	-	-	-
Total Fund Balances	7,968	952	142,874	440	2,200,304
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,968	\$ 952	\$ 162,818	\$ 440	\$ 2,213,491

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS (continued)				
	KENNEDY HOMES ACQUISITION/ DEMOLITION FUND	CAMPUS DEVELOPMENT AGREEMENT CAPITAL PROJECTS FUND	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
<u>ASSETS</u>					
Equity in pooled cash and investments	\$ 549,867	\$ 6,307,697	\$ 55,107	\$ 3,269,126	\$ 600,262
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 549,867	\$ 6,307,697	\$ 55,107	\$ 3,269,126	\$ 600,262
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ -	\$ 68,312	\$ -	\$ 868,331	\$ 3,185
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	68,312	-	868,331	3,185
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	-
Restricted	-	5,332,720	-	2,400,795	597,077
Committed	-	-	-	-	-
Assigned	549,867	906,665	55,107	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	549,867	6,239,385	55,107	2,400,795	597,077
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 549,867	\$ 6,307,697	\$ 55,107	\$ 3,269,126	\$ 600,262

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS (continued)				
	TRAFFIC MANAGEMENT SYSTEM BLDG CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2009 CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES LAND ACQ. CAPITAL PROJECTS FUND	SENIOR RECREATION CENTER CAPITAL PROJECTS FUND
ASSETS					
Equity in pooled cash and investments	\$ 120,239	\$ -	\$ 172,098	\$ 222,109	\$ 23,753
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 120,239	\$ -	\$ 172,098	\$ 222,109	\$ 23,753
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,006	\$ 1,080	\$ 1,101
Due to other funds	-	523	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	523	4,006	1,080	1,101
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	168,092	221,029	22,652
Committed	-	-	-	-	-
Assigned	120,239	-	-	-	-
Unassigned	-	(523)	-	-	-
Total Fund Balances	120,239	(523)	168,092	221,029	22,652
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 120,239	\$ -	\$ 172,098	\$ 222,109	\$ 23,753

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS (continued)				
	CAPITAL IMP REVENUE BOND (CIRB) 2010 CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2011 CAPITAL PROJECTS FUND	FACILITIES MAINTENANCE RECURRING CAPITAL PROJECTS FUND	EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND	ROADWAY RESURFACING PROGRAM CAPITAL PROJECTS FUND
ASSETS					
Equity in pooled cash and investments	\$ 803,080	\$ 68,758	\$ 690,915	\$ 669,560	\$ 1,843,197
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for evidence	-	-	-	-	-
TOTAL ASSETS	\$ 803,080	\$ 68,758	\$ 690,915	\$ 669,560	\$ 1,843,197
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 3,000	\$ 23,441	\$ 13,527	\$ 233,724
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	3,000	23,441	13,527	233,724
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-notes receivable	-	-	-	-	-
Deferred revenue-assessments net yet available	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	803,080	65,758	667,474	656,033	1,609,473
Unassigned	-	-	-	-	-
Total Fund Balances	803,080	65,758	667,474	656,033	1,609,473
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 803,080	\$ 68,758	\$ 690,915	\$ 669,560	\$ 1,843,197

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS (concluded)			
	CAPITAL IMP REVENUE BOND (CIRB) 2014 CAPITAL PROJECTS FUND	CAPITAL IMP BEAZER SETTLEMENT CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE 2016B ADD'L 5 CENT GAS TAX CIP FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Equity in pooled cash and investments	\$ 9,406,869	\$ 373,343	\$ 5,482,766	\$ 71,106,429
Investments	-	-	-	1,515,587
Receivables	-	-	-	3,686,980
Due from other funds	-	-	-	415
Assets held for evidence	-	-	-	315,251
TOTAL ASSETS	\$ 9,406,869	\$ 373,343	\$ 5,482,766	\$ 76,624,662
LIABILITIES				
Accounts payable and accrued liabilities	\$ 205,964	\$ 14,927	\$ -	\$ 3,015,329
Due to other funds	-	-	-	2,141,631
Unearned revenues	-	-	-	91,761
Advances from other funds	-	-	-	2,095,283
Total Liabilities	205,964	14,927	-	7,344,004
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue-notes receivable	-	-	-	59,838
Deferred revenue-assessments net yet available	-	-	-	4,848
Total Deferred Inflows of Resources	-	-	-	64,686
FUND BALANCES				
Nonspendable	-	-	-	973,501
Restricted	-	-	-	36,886,125
Committed	-	-	-	3,684,544
Assigned	9,200,905	358,416	5,482,766	29,243,195
Unassigned	-	-	-	(1,571,393)
Total Fund Balances	9,200,905	358,416	5,482,766	69,215,972
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,406,869	\$ 373,343	\$ 5,482,766	\$ 76,624,662

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND	FEDERAL LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	944,158	-	802,785	-	-	-
Charges for services	3,560	-	-	416,891	-	-
Fines and forfeitures	-	-	-	-	45,190	131,063
Miscellaneous	8,670	-	51,949	57,509	9,982	-
TOTAL REVENUES	956,388	-	854,734	474,400	55,172	131,063
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	199,928	-	-	-	16,011	256,124
Physical environment	-	-	-	-	-	-
Transportation	54,718	-	-	-	-	-
Economic environment	538,618	-	852,407	-	-	-
Human services	147,649	-	-	-	-	-
Culture and recreation	-	1,142,443	-	478,666	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	940,913	1,142,443	852,407	478,666	16,011	256,124
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,475	(1,142,443)	2,327	(4,266)	39,161	(125,061)
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(15,475)	-	(2,327)	(6,726)	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(15,475)	-	(2,327)	(6,726)	-	-
NET CHANGE IN FUND BALANCES	-	(1,142,443)	-	(10,992)	39,161	(125,061)
FUND BALANCES, October 1	172,462	1,087,287	98,595	100,760	123,815	1,476,285
FUND BALANCES, September 30	\$ 172,462	\$ (55,156)	\$ 98,595	\$ 89,768	\$ 162,976	\$ 1,351,224

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (continued)

	POLICE BILLABLE OVERTIME FUND	COMMUNITY REDEVELOP- MENT AGENCY FUND	STREET, SIDEWALK AND DITCH IMPROVEMENT FUND	ECONOMIC DEVELOP- MENT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND	TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	4,292,766	-
Charges for services	629,756	-	-	-	-	827,739
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	16,927	6,062	9,382	-	86,402
TOTAL REVENUES	629,756	16,927	6,062	9,382	4,292,766	914,141
EXPENDITURES						
Current:						
General government	-	65,733	-	12,564	300,000	-
Public safety	625,049	-	-	-	1,626,767	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	2,121,405	724,336
Economic environment	-	1,115,716	-	50,000	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	546,351	-
Debt service:						
Principal	-	5,872	-	-	-	-
Interest and fiscal charges	-	20,143	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	625,049	1,207,464	-	62,564	4,594,523	724,336
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,707	(1,190,537)	6,062	(53,182)	(301,757)	189,805
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	1,441,359	-	50,000	272,047	-
Transfers out	-	(22,882)	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,418,477	-	50,000	272,047	-
NET CHANGE IN FUND BALANCES	4,707	227,940	6,062	(3,182)	(29,710)	189,805
FUND BALANCES, October 1	2,244	(1,730,900)	173,750	340,046	817,881	4,176,601
FUND BALANCES, September 30	\$ 6,951	\$ (1,502,960)	\$ 179,812	\$ 336,864	\$ 788,171	\$ 4,366,406

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (continued)

	WATER AND WASTEWATER SURCHARGE INFRASTRUCTURE <u>FUND</u>	SHIP <u>FUND</u>	SMALL BUSINESS LOAN <u>FUND</u>	MISC- ELLANEOUS SPECIAL REVENUE <u>FUND</u>	TOURIST DESTINATION ENHANCE- MENT <u>FUND</u>	HURRICANE HERMINE 2016 <u>FUND</u>
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	256,696	622,618	-	507,978	-	-
Charges for services	-	-	-	12,868	-	-
Fines and forfeitures	-	-	-	36,685	-	-
Miscellaneous	21,125	37,735	-	661,702	-	-
TOTAL REVENUES	277,821	660,353	-	1,219,233	-	-
EXPENDITURES						
Current:						
General government	-	-	-	347,031	-	-
Public safety	-	-	-	240,233	-	61,598
Physical environment	(20,305)	-	-	2,269	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	116,682	-	7,240	-	-
Human services	154	-	-	1,107,705	-	-
Culture and recreation	-	-	-	136,866	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	(20,151)	116,682	-	1,841,344	-	61,598
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	297,972	543,671	-	(622,111)	-	(61,598)
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	498,678	-	61,598
Transfers out	-	-	-	(79,864)	(32,245)	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	418,814	(32,245)	61,598
NET CHANGE IN FUND BALANCES	297,972	543,671	-	(203,297)	(32,245)	-
FUND BALANCES, October 1	420,941	675,679	71,201	1,153,596	32,245	-
FUND BALANCES, September 30	\$ 718,913	\$ 1,219,350	\$ 71,201	\$ 950,299	\$ -	\$ -

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (continued)

	TOURIST PRODUCT DEVELOP FY12 FUND	TOURIST PRODUCT DEVELOP FY13 FUND	TOURIST PRODUCT DEVELOP FY14 FUND	TOURIST PRODUCT DEVELOP FY15 FUND	TOURIST PRODUCT DEVELOP FY16 FUND	TREE MITIGATION FUND	EVERGREEN CEMETERY TRUST FUND
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	651,450	-	-
Charges for services	-	-	-	-	-	-	5,424
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	1,032,799	148,975
TOTAL REVENUES	-	-	-	-	651,450	1,032,799	154,399
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	10,031	-
Transportation	-	-	-	-	-	282,624	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	25,000	8,312	142,841	512,182	58,108	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	25,000	8,312	142,841	512,182	350,763	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(25,000)	(8,312)	(142,841)	139,268	682,036	154,399
OTHER FINANCING SOURCES (USES)							
Debt issuance	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(25,000)	(19,500)	(60,500)	-	(178,031)
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(25,000)	(19,500)	(60,500)	-	(178,031)
NET CHANGE IN FUND BALANCES	-	(25,000)	(33,312)	(162,341)	78,768	682,036	(23,632)
FUND BALANCES, October 1	-	26,289	38,362	166,781	-	1,778,811	1,554,362
FUND BALANCES, September 30	\$ -	\$ 1,289	\$ 5,050	\$ 4,440	\$ 78,768	\$ 2,460,847	\$ 1,530,730

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SPECIAL REVENUE FUNDS (concluded)

	SCHOOL CROSSING GUARD TRUST FUND	ART IN PUBLIC PLACES TRUST FUND	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND	FIFTH AVENUE TAX INCREMENT FUND	COLLEGE PARK TAX INCREMENT FUND	EASTSIDE TAX INCREMENT FUND
REVENUES						
Taxes	\$ -	\$ -	\$ 1,280,938	\$ 303,585	\$ 2,119,606	\$ 348,524
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	41,525	-	-	-	-	-
Miscellaneous	2,288	(296)	109,001	47,513	379,239	90,566
TOTAL REVENUES	43,813	(296)	1,389,939	351,098	2,498,845	439,090
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	1,956,680	415,429	502,617	139,743
Human services	-	-	-	-	-	-
Culture and recreation	-	21,858	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	21,858	1,956,680	415,429	502,617	139,743
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	43,813	(22,154)	(566,741)	(64,331)	1,996,228	299,347
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	8,700	656,548	155,603	1,086,409	178,637
Transfers out	(43,472)	-	(585,968)	(229,961)	(454,986)	(170,444)
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(43,472)	8,700	70,580	(74,358)	631,423	8,193
NET CHANGE IN FUND BALANCES	341	(13,454)	(496,161)	(138,689)	2,627,651	307,540
FUND BALANCES, October 1	66,356	700	2,985,590	903,419	9,551,319	2,304,958
FUND BALANCES, September 30	\$ 66,697	\$ (12,754)	\$ 2,489,429	\$ 764,730	\$ 12,178,970	\$ 2,612,498

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

DEBT SERVICE FUNDS

	FFGFC SERIES 2005	FFGFC SERIES 2007	GUARANTEED ENTITLEMENT REFUNDING BONDS 2004	PENSION OBLIGATION BOND SERIES 2003A	PENSION OBLIGATION BOND SERIES 2003B	CAPITAL IMPROV. REVENUE BOND (CIRB) SERIES 2005	GPD ENERGY CONSERV. CAPITAL LEASE
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,039,088	1,809,315	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	3,684	19,759	15,546	24,122	31,030	-	2,200
TOTAL REVENUES	3,684	19,759	1,054,634	1,833,437	31,030	-	2,200
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	145,000	935,000	846,827	886,928	-	91,190
Interest and fiscal charges	75,440	49,742	104,433	2,038,948	3,326,993	-	10,312
Advance refunding escrow	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	75,440	194,742	1,039,433	2,885,775	4,213,921	-	101,502
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(71,756)	(174,983)	15,201	(1,052,338)	(4,182,891)	-	(99,302)
OTHER FINANCING SOURCES (USES)							
Debt issuance	-	-	-	-	-	-	-
Transfers in	426,746	191,975	-	1,072,269	4,213,921	-	101,393
Transfers out	(242,936)	(9,588)	-	-	-	(3,647)	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	183,810	182,387	-	1,072,269	4,213,921	(3,647)	101,393
NET CHANGE IN FUND BALANCES	112,054	7,404	15,201	19,931	31,030	(3,647)	2,091
FUND BALANCES, October 1	29,150	(3,710)	129,757	107,736	141,616	3,647	79,941
FUND BALANCES, September 30	\$ 141,204	\$ 3,694	\$ 144,958	\$ 127,667	\$ 172,646	\$ -	\$ 82,032

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

DEBT SERVICE FUNDS (continued)

	CAPITAL IMPROV. REVENUE NOTE (CIRN) 2009	CAPITAL IMPROV. REV BOND (CIRB) SERIES 2010	REVENUE REFUNDING NOTE SERIES 2011	CAPITAL IMPROV. REVENUE NOTE 2011A	REVENUE REFUNDING NOTE SERIES 2014	CAPITAL IMPROV. REV. BOND (CIRB) SERIES 2014	REVENUE REFUNDING NOTE (CIRN) SERIES 2016A
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous	693	3,984	5,957	4,759	14,367	15,731	21
TOTAL REVENUES	693	3,984	5,957	4,759	14,367	15,731	21
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	477,684	125,665	585,000	375,000	1,295,000	436,305	-
Interest and fiscal charges	285,606	97,876	103,958	54,617	346,200	449,051	-
Advance refunding escrow	-	-	-	-	-	-	2,027,758
Bond issuance costs	-	-	-	-	-	-	44,855
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	763,290	223,541	688,958	429,617	1,641,200	885,356	2,072,613
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(762,597)	(219,557)	(683,001)	(424,858)	(1,626,833)	(869,625)	(2,072,592)
OTHER FINANCING SOURCES (USES)							
Debt issuance	-	-	-	-	-	-	11,970,000
Transfers in	951,476	240,166	688,958	429,617	1,641,200	1,034,899	2,027,758
Transfers out	(179,070)	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(11,925,145)
TOTAL OTHER FINANCING SOURCES (USES)	772,406	240,166	688,958	429,617	1,641,200	1,034,899	2,072,613
NET CHANGE IN FUND BALANCES	9,809	20,609	5,957	4,759	14,367	165,274	21
FUND BALANCES, October 1	86,978	79,512	13,213	32,508	22,006	13,811	-
FUND BALANCES, September 30	\$ 96,787	\$ 100,121	\$ 19,170	\$ 37,267	\$ 36,373	\$ 179,085	\$ 21

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS					
	DEBT SERVICE FUNDS (concluded)	CAPITAL IMPROV. REV. NOTE (CIRN) 2016B	GENERAL CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT CONSTRUCTION FUND	GREENSPACE AND COMMUNITY IMPROVEMENT FUND	ROADWAY CONSTRUCTION FUND 96
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	25,000	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	12	5,604	364	44,121	1,848	18,556
TOTAL REVENUES	12	30,604	364	44,121	1,848	18,556
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	33,836	-	-	-	-	-
Capital outlay	-	3,687,832	-	279,767	-	53,477
TOTAL EXPENDITURES	33,836	3,687,832	-	279,767	-	53,477
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,824)	(3,657,228)	364	(235,646)	1,848	(34,921)
OTHER FINANCING SOURCES (USES)						
Debt issuance	6,630,000	-	-	-	-	-
Transfers in	-	541,337	-	-	-	-
Transfers out	(6,596,164)	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	33,836	541,337	-	-	-	-
NET CHANGE IN FUND BALANCES	12	(3,115,891)	364	(235,646)	1,848	(34,921)
FUND BALANCES, October 1	-	6,501,506	12,419	1,550,636	63,602	625,285
FUND BALANCES, September 30	\$ 12	\$ 3,385,615	\$ 12,783	\$ 1,314,990	\$ 65,450	\$ 590,364

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

CAPITAL PROJECTS FUNDS (continued)

	FIFTH AVENUE/ PLEASANT ST. REHAB. PROJ. FUND 02	DOWNTOWN PARKING GARAGE SALES TAX FUND	FFGFC 05 CAPITAL PROJECTS FUND	39TH AVE FLEET GARAGE EXPANSION FUND	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND	KENNEDY HOMES ACQUISITION/ DEMOLITION FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	1,407	18	5,609	-	81,102	-
TOTAL REVENUES	1,407	18	5,609	-	81,102	-
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	70,595	-	60,836	-	798,463	121,263
TOTAL EXPENDITURES	70,595	-	60,836	-	798,463	121,263
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(69,188)	18	(55,227)	-	(717,361)	(121,263)
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(69,188)	18	(55,227)	-	(717,361)	(121,263)
FUND BALANCES, October 1	77,156	934	198,101	440	2,917,665	671,130
FUND BALANCES, September 30	\$ 7,968	\$ 952	\$ 142,874	\$ 440	\$ 2,200,304	\$ 549,867

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS (continued)					
	CAMPUS DEVELOP AGREEMENT CAPITAL PROJECTS FUND	ENERGY CONSER- VATION CAPITAL PROJECTS FUND	ADD'L 5 CENT LOCAL OPT GAS TAX CAPITAL PROJECTS FUND	ADD'L 5 CENT GAS TAX CIRN 2009 CAPITAL PROJECTS FUND	TRAFFIC MGMT BLDG CAPITAL PROJECTS FUND	CAPITAL IMP REV NOTE (CIRN) 2009 CAPITAL PROJECTS FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,228,229	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	214,530	1,809	127,816	60,271	2,852	(717)
TOTAL REVENUES	214,530	1,809	2,356,045	60,271	2,852	(717)
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	1,592,531	14,517	3,620,591	-	1,017	15,771
TOTAL EXPENDITURES	1,592,531	14,517	3,620,591	-	1,017	15,771
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,378,001)	(12,708)	(1,264,546)	60,271	1,835	(16,488)
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(1,002,431)	(1,596,164)	-	(6,946)
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,002,431)	(1,596,164)	-	(6,946)
NET CHANGE IN FUND BALANCES	(1,378,001)	(12,708)	(2,266,977)	(1,535,893)	1,835	(23,434)
FUND BALANCES, October 1	7,617,386	67,815	4,667,772	2,132,970	118,404	22,911
FUND BALANCES, September 30	\$ 6,239,385	\$ 55,107	\$ 2,400,795	\$ 597,077	\$ 120,239	\$ (523)

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS (continued)					
	WILD SPACES PUBLIC PLACES 1/2 CENT SALES TAX CAPITAL PROJECTS FUND	WILD SPACES PUBLIC PLACES LAND ACQ. CAPITAL PROJECTS FUND	SENIOR RECREATION CENTER CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE BOND (CIRB) 2010 CAPITAL PROJECTS FUND	CAPITAL IMP REVENUE NOTE (CIRN) 2011 CAPITAL PROJECTS FUND	FACILITIES MAINTENANCE RECURRING CAPITAL PROJECTS FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	9,368	7,169	2,620	28,677	2,415	17,051
TOTAL REVENUES	9,368	7,169	2,620	28,677	2,415	17,051
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	180,499	28,540	97,398	121,806	30,936	359,246
TOTAL EXPENDITURES	180,499	28,540	97,398	121,806	30,936	359,246
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(171,131)	(21,371)	(94,778)	(93,129)	(28,521)	(342,195)
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	666	-	-	-	562,500
Transfers out	-	-	-	-	-	(5,000)
Payment to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	666	-	-	-	557,500
NET CHANGE IN FUND BALANCES	(171,131)	(20,705)	(94,778)	(93,129)	(28,521)	215,305
FUND BALANCES, October 1	339,223	241,734	117,430	896,209	94,279	452,169
FUND BALANCES, September 30	\$ 168,092	\$ 221,029	\$ 22,652	\$ 803,080	\$ 65,758	\$ 667,474

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	CAPITAL PROJECTS FUNDS (concluded)					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,052,653
Intergovernmental	-	-	-	-	-	13,180,083
Charges for services	-	-	-	-	-	1,896,238
Fines and forfeitures	-	-	-	-	-	254,463
Miscellaneous	22,451	69,703	339,466	16,694	11,720	4,011,919
TOTAL REVENUES	22,451	69,703	339,466	16,694	11,720	23,395,356
EXPENDITURES						
Current:						
General government	-	-	-	-	-	725,328
Public safety	-	-	-	-	-	3,025,710
Physical environment	-	-	-	-	-	(8,005)
Transportation	-	-	-	-	-	3,183,083
Economic environment	-	-	-	-	-	5,695,132
Human services	-	-	-	-	-	1,255,508
Culture and recreation	-	-	-	-	-	3,072,627
Debt service:						
Principal	-	-	-	-	-	6,205,471
Interest and fiscal charges	-	-	-	-	-	6,963,319
Advance refunding escrow	-	-	-	-	-	2,027,758
Bond issuance costs	-	-	-	-	-	78,691
Capital outlay	1,019,516	2,716,069	3,413,091	86,034	1,125,118	19,494,913
TOTAL EXPENDITURES	1,019,516	2,716,069	3,413,091	86,034	1,125,118	51,719,535
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(997,065)	(2,646,366)	(3,073,625)	(69,340)	(1,113,398)	(28,324,179)
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	18,600,000
Transfers in	977,500	2,072,069	-	-	6,596,164	28,180,193
Transfers out	-	-	-	-	-	(11,569,327)
Payment to refunded bond escrow agent	-	-	-	-	-	(11,925,145)
TOTAL OTHER FINANCING SOURCES (USES)	977,500	2,072,069	-	-	6,596,164	23,285,721
NET CHANGE IN FUND BALANCES	(19,565)	(574,297)	(3,073,625)	(69,340)	5,482,766	(5,038,458)
FUND BALANCES, October 1	675,598	2,183,770	12,274,530	427,756	-	74,254,430
FUND BALANCES, September 30	\$ 656,033	\$ 1,609,473	\$ 9,200,905	\$ 358,416	\$ 5,482,766	\$ 69,215,972

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Intergovernmental	\$ 944,158	\$ -	\$ 944,158	\$ 1,232,308	\$ (288,150)
Charges for services	3,560	-	3,560	3,560	-
Miscellaneous	8,670	-	8,670	8,670	-
TOTAL REVENUES	<u>956,388</u>	<u>-</u>	<u>956,388</u>	<u>1,244,538</u>	<u>(288,150)</u>
<u>EXPENDITURES</u>					
Public safety	199,928	-	199,928	281,196	81,268
Transportation	54,718	-	54,718	101,550	46,832
Economic environment	538,618	14,506	553,124	1,628,086	1,074,962
Human services	147,649	22,302	169,951	221,490	51,539
TOTAL EXPENDITURES	<u>940,913</u>	<u>36,808</u>	<u>977,721</u>	<u>2,232,322</u>	<u>1,254,601</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,475	(36,808)	(21,333)	(987,784)	966,451
<u>OTHER FINANCING USES</u>					
Transfers out	<u>(15,475)</u>	<u>-</u>	<u>(15,475)</u>	<u>(15,475)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ (36,808)</u>	<u>\$ (36,808)</u>	<u>\$ (1,003,259)</u>	<u>\$ 966,451</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
URBAN DEVELOPMENT ACTION GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	-
<u>EXPENDITURES</u>					
Culture and recreation	<u>1,142,443</u>	<u>-</u>	<u>1,142,443</u>	<u>1,144,485</u>	<u>2,042</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,142,443)</u>	<u>\$ -</u>	<u>\$ (1,142,443)</u>	<u>\$ (1,144,485)</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, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Intergovernmental	\$ 802,785	\$ -	\$ 802,785	\$ 450,828	\$ 351,957
Miscellaneous	<u>51,949</u>	<u>-</u>	<u>51,949</u>	<u>51,949</u>	<u>-</u>
TOTAL REVENUES	854,734	-	854,734	502,777	351,957
<u>EXPENDITURES</u>					
Economic environment	<u>852,407</u>	<u>289,726</u>	<u>1,142,133</u>	<u>1,855,012</u>	<u>712,879</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,327	(289,726)	(287,399)	(1,352,235)	1,064,836
<u>OTHER FINANCING USES</u>					
Transfers out	<u>(2,327)</u>	<u>-</u>	<u>(2,327)</u>	<u>(2,327)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ -	\$ (289,726)	\$ (289,726)	\$ (1,354,562)	\$ 1,064,836

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CULTURAL AND NATURE PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for services:					
Entry fees and ticket sales	\$ 416,891	\$ -	\$ 416,891	\$ 439,516	\$ (22,625)
Miscellaneous:					
Donations	41,924	-	41,924	45,130	(3,206)
Other miscellaneous	15,585	-	15,585	18,094	(2,509)
Total miscellaneous	57,509	-	57,509	63,224	(5,715)
TOTAL REVENUES	474,400	-	474,400	502,740	(28,340)
<u>EXPENDITURES</u>					
Culture and recreation	478,666	-	478,666	480,204	1,538
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,266)	-	(4,266)	22,536	(26,802)
<u>OTHER FINANCING (USES)</u>					
Transfers out	(6,726)	-	(6,726)	(6,726)	-
NET CHANGE IN FUND BALANCES	\$ (10,992)	\$ -	\$ (10,992)	\$ 15,810	\$ (26,802)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STATE LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Fines and forfeitures:					
Confiscated property	\$ 45,190	\$ -	\$ 45,190	\$ -	\$ 45,190
Miscellaneous:					
Investment income	4,248	-	4,248	-	4,248
Other miscellaneous	5,734	-	5,734	-	5,734
Total miscellaneous	9,982	-	9,982	-	9,982
TOTAL REVENUES	55,172	-	55,172	-	55,172
<u>EXPENDITURES</u>					
Public safety	16,011	-	16,011	52,012	36,001
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 39,161	\$ -	\$ 39,161	\$ (52,012)	\$ 91,173

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FEDERAL LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Fines and forfeitures:					
Confiscated property	\$ 131,063	\$ -	\$ 131,063	\$ -	\$ 131,063
<u>EXPENDITURES</u>					
Public safety	<u>256,124</u>	<u>95,345</u>	<u>351,469</u>	<u>567,852</u>	<u>216,383</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (125,061)</u>	<u>\$ (95,345)</u>	<u>\$ (220,406)</u>	<u>\$ (567,852)</u>	<u>\$ 347,446</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
POLICE BILLABLE OVERTIME FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for services:					
Billable overtime	\$ 629,756	\$ -	\$ 629,756	\$ 658,632	\$ (28,876)
<u>EXPENDITURES</u>					
Public safety	<u>625,049</u>	<u>-</u>	<u>625,049</u>	<u>634,027</u>	<u>8,978</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 4,707</u>	<u>\$ -</u>	<u>\$ 4,707</u>	<u>\$ 24,605</u>	<u>\$ (19,898)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Investment income	\$ 16,927	\$ -	\$ 16,927	\$ -	\$ 16,927
<u>EXPENDITURES</u>					
Current:					
General government	65,733	-	65,733	62,196	(3,537)
Economic environment	1,115,716	-	1,115,716	1,357,581	241,865
Debt service:					
Principal	5,872	-	5,872	-	(5,872)
Interest	20,143	-	20,143	-	(20,143)
TOTAL EXPENDITURES	<u>1,207,464</u>	<u>-</u>	<u>1,207,464</u>	<u>1,419,777</u>	<u>212,313</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,190,537)</u>	<u>-</u>	<u>(1,190,537)</u>	<u>(1,419,777)</u>	<u>229,240</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	1,441,359	-	1,441,359	1,441,359	-
Transfers out	(22,882)	-	(22,882)	(22,882)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,418,477</u>	<u>-</u>	<u>1,418,477</u>	<u>1,418,477</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 227,940</u>	<u>\$ -</u>	<u>\$ 227,940</u>	<u>\$ (1,300)</u>	<u>\$ 229,240</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Investment income	\$ 9,382	\$ -	\$ 9,382	\$ -	\$ 9,382
<u>EXPENDITURES</u>					
General government	12,564	5,305	17,869	189,344	171,475
Economic environment	50,000	-	50,000	150,000	100,000
TOTAL EXPENDITURES	62,564	5,305	67,869	339,344	271,475
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,182)	(5,305)	(58,487)	(339,344)	280,857
<u>OTHER FINANCING SOURCES</u>					
Transfers in	50,000	-	50,000	50,000	-
NET CHANGE IN FUND BALANCES	\$ (3,182)	\$ (5,305)	\$ (8,487)	\$ (289,344)	\$ 280,857

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
EVERGREEN CEMETERY TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for services	\$ 5,424	\$ -	\$ 5,424	\$ 4,194	\$ 1,230
Miscellaneous:					
Investment income	<u>148,975</u>	<u>-</u>	<u>148,975</u>	<u>30,468</u>	<u>118,507</u>
TOTAL REVENUES	154,399	-	154,399	34,662	119,737
<u>EXPENDITURES</u>					
Physical environment:	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,062</u>	<u>71,062</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	154,399	-	154,399	(36,400)	190,799
<u>OTHER FINANCING USES</u>					
Transfers out	<u>(178,031)</u>	<u>-</u>	<u>(178,031)</u>	<u>(178,031)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ (23,632)	\$ -	\$ (23,632)	\$ (214,431)	\$ 190,799

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SCHOOL CROSSING GUARD TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Fines and forfeitures	\$ 41,525	\$ -	\$ 41,525	\$ 25,000	\$ 16,525
Miscellaneous:					
Investment income	<u>2,288</u>	<u>-</u>	<u>2,288</u>	<u>-</u>	<u>2,288</u>
TOTAL REVENUES	43,813	-	43,813	25,000	18,813
<u>EXPENDITURES</u>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	43,813	-	43,813	25,000	18,813
<u>OTHER FINANCING USES</u>					
Transfers out	<u>(43,472)</u>	<u>-</u>	<u>(43,472)</u>	<u>(43,472)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ 341	\$ -	\$ 341	\$ (18,472)	\$ 18,813

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ART IN PUBLIC PLACES TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Investment income	\$ (296)	\$ -	\$ (296)	\$ -	\$ (296)
<u>EXPENDITURES</u>					
Culture and recreation	21,858	-	21,858	65,231	43,373
EXCESS OF REVENUES OVER EXPENDITURES	(22,154)	-	(22,154)	(65,231)	43,077
<u>OTHER FINANCING SOURCES</u>					
Transfers in	8,700	-	8,700	8,700	-
NET CHANGE IN FUND BALANCES	\$ (13,454)	\$ -	\$ (13,454)	\$ (56,531)	\$ 43,077

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2005
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 3,684	\$ 500	\$ 3,184
<u>EXPENDITURES</u>			
Debt service:			
Interest and fiscal charges	75,440	421,313	345,873
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(71,756)</u>	<u>(420,813)</u>	<u>349,057</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	426,746	426,746	-
Transfers out	<u>(242,936)</u>	<u>(242,936)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>183,810</u>	<u>183,810</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 112,054</u>	<u>\$ (237,003)</u>	<u>\$ 349,057</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2007
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	<u>\$ 19,759</u>	<u>\$ 500</u>	<u>\$ 19,259</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	145,000	145,000	-
Interest and fiscal charges	<u>49,742</u>	<u>49,975</u>	<u>233</u>
TOTAL EXPENDITURES	<u>194,742</u>	<u>194,975</u>	<u>233</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(174,983)</u>	 <u>(194,475)</u>	 <u>19,492</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	191,975	191,975	-
Transfers out	<u>(9,588)</u>	<u>(9,588)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>182,387</u>	<u>182,387</u>	<u>-</u>
 NET CHANGE IN FUND BALANCES	 <u>\$ 7,404</u>	 <u>\$ (12,088)</u>	 <u>\$ 19,492</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 2004
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental:			
State revenue sharing	\$ 1,039,088	\$ 1,039,088	\$ -
Miscellaneous:			
Investment income	<u>15,546</u>	<u>3,000</u>	<u>12,546</u>
TOTAL REVENUES	<u>1,054,634</u>	<u>1,042,088</u>	<u>12,546</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	935,000	935,000	-
Interest and fiscal charges	<u>104,433</u>	<u>105,088</u>	<u>655</u>
TOTAL EXPENDITURES	<u>1,039,433</u>	<u>1,040,088</u>	<u>655</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 15,201</u>	<u>\$ 2,000</u>	<u>\$ 13,201</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003A
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental:			
Local cost sharing - GRU	\$ 1,798,973	\$ 1,803,163	\$ (4,190)
Other local cost sharing	<u>10,342</u>	<u>15,091</u>	<u>(4,749)</u>
Total intergovernmental	1,809,315	1,818,254	(8,939)
Miscellaneous:			
Investment income	<u>24,122</u>	<u>5,000</u>	<u>19,122</u>
TOTAL REVENUES	<u>1,833,437</u>	<u>1,823,254</u>	<u>10,183</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	846,827	846,827	-
Interest & fiscal charges	<u>2,038,948</u>	<u>2,038,948</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,885,775</u>	<u>2,885,775</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,052,338)	(1,062,521)	10,183
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>1,072,269</u>	<u>1,067,521</u>	<u>4,748</u>
NET CHANGE IN FUND BALANCES	<u>\$ 19,931</u>	<u>\$ 5,000</u>	<u>\$ 14,931</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PENSION OBLIGATION BOND SERIES 2003B
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	<u>\$ 31,030</u>	<u>\$ 10,000</u>	<u>\$ 21,030</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	886,928	886,928	-
Interest & fiscal charges	<u>3,326,993</u>	<u>3,326,993</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4,213,921</u>	<u>4,213,921</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,182,891)	(4,203,921)	21,030
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>4,213,921</u>	<u>4,213,921</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 31,030</u>	<u>\$ 10,000</u>	<u>\$ 21,030</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND (CIRB) - SERIES 2005
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>			
Debt service:			
Interest and fiscal charges	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
<u>OTHER FINANCING (USES)</u>			
Transfers out	(3,647)	(3,647)	-
TOTAL OTHER FINANCING (USES)	(3,647)	(3,647)	-
NET CHANGE IN FUND BALANCES	\$ (3,647)	\$ (3,647)	\$ -

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GPD ENERGY CONSERVATION MASTER CAPITAL LEASE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ <u>2,200</u>	\$ <u>-</u>	\$ <u>2,200</u>
<u>EXPENDITURES</u>			
Debt service:			
Principal	91,190	91,190	-
Interest and fiscal charges	<u>10,312</u>	<u>10,312</u>	<u>-</u>
TOTAL EXPENDITURES	<u>101,502</u>	<u>101,502</u>	<u>-</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (99,302)	 (101,502)	 2,200
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>101,393</u>	<u>101,393</u>	<u>-</u>
 NET CHANGE IN FUND BALANCES	 \$ <u>2,091</u>	 \$ <u>(109)</u>	 \$ <u>2,200</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE (CIRN) - SERIES 2009
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 693	\$ -	\$ 693
<u>EXPENDITURES</u>			
Debt service:			
Principal	477,684	540,000	62,316
Interest and fiscal charges	285,606	535,600	249,994
TOTAL EXPENDITURES	763,290	1,075,600	312,310
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(762,597)	(1,075,600)	313,003
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	951,476	951,476	-
Transfers out	(179,070)	(179,070)	-
TOTAL OTHER FINANCING SOURCES (USES)	772,406	772,406	-
NET CHANGE IN FUND BALANCES	\$ 9,809	\$ (303,194)	\$ 313,003

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, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 3,984	\$ -	\$ 3,984
<u>EXPENDITURES</u>			
Debt service:			
Principal	125,665	125,665	-
Interest and fiscal charges	97,876	97,876	-
TOTAL EXPENDITURES	223,541	223,541	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(219,557)	(223,541)	3,984
<u>OTHER FINANCING SOURCES</u>			
Transfers in	240,166	240,166	-
NET CHANGE IN FUND BALANCES	\$ 20,609	\$ 16,625	\$ 3,984

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
REVENUE REFUNDING NOTE SERIES 2011
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 5,957	\$ -	\$ 5,957
<u>EXPENDITURES</u>			
Debt service:			
Principal	585,000	585,000	-
Interest and fiscal charges	103,958	103,958	-
TOTAL EXPENDITURES	688,958	688,958	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(683,001)	(688,958)	5,957
<u>OTHER FINANCING SOURCES</u>			
Transfers in	688,958	688,958	-
NET CHANGE IN FUND BALANCES	\$ 5,957	\$ -	\$ 5,957

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTE SERIES 2011A
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 4,759	\$ -	\$ 4,759
<u>EXPENDITURES</u>			
Debt service:			
Principal	375,000	375,000	-
Interest and fiscal charges	54,617	54,617	-
TOTAL EXPENDITURES	429,617	429,617	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(424,858)	(429,617)	4,759
<u>OTHER FINANCING SOURCES</u>			
Transfers in	429,617	429,617	-
NET CHANGE IN FUND BALANCES	\$ 4,759	\$ -	\$ 4,759

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
REVENUE REFUNDING NOTE SERIES 2014
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 14,367	\$ -	\$ 14,367
<u>EXPENDITURES</u>			
Debt service:			
Principal	1,295,000	1,295,000	-
Interest and fiscal charges	346,200	346,200	-
TOTAL EXPENDITURES	1,641,200	1,641,200	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,626,833)	(1,641,200)	14,367
<u>OTHER FINANCING SOURCES</u>			
Transfers in	1,641,200	1,641,200	-
NET CHANGE IN FUND BALANCES	\$ 14,367	\$ -	\$ 14,367

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND SERIES 2014
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 15,731	\$ -	\$ 15,731
<u>EXPENDITURES</u>			
Debt service:			
Principal	436,305	510,000	73,695
Interest and fiscal charges	449,051	524,899	75,848
TOTAL EXPENDITURES	885,356	1,034,899	149,543
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(869,625)	(1,034,899)	165,274
<u>OTHER FINANCING SOURCES</u>			
Transfers in	1,034,899	1,034,899	-
NET CHANGE IN FUND BALANCES	\$ 165,274	\$ -	\$ 165,274

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

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 21	\$ -	\$ 21
<u>EXPENDITURES</u>			
Debt service:			
Advance refunding escrow	2,027,758	2,027,758	-
Bond issuance costs	44,855	44,855	-
TOTAL EXPENDITURES	<u>2,072,613</u>	<u>2,072,613</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,072,592)</u>	<u>(2,072,613)</u>	<u>21</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Debt issuance	11,970,000	11,970,000	-
Transfers in	2,027,758	2,027,758	-
Payment to refunded bond escrow agent	(11,925,145)	(11,925,145)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,072,613</u>	<u>2,072,613</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE (CIRN) NOTE 2016B
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment income	\$ 12	\$ -	\$ 12
<u>EXPENDITURES</u>			
Debt service:			
Bond issuance costs	<u>33,836</u>	<u>33,836</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,824)</u>	<u>(33,836)</u>	<u>12</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Debt issuance	6,630,000	6,630,000	-
Transfers out	<u>(6,596,164)</u>	<u>(6,596,164)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>33,836</u>	<u>33,836</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</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 NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016

	<u>REGIONAL TRANSIT SYSTEM FUND</u>	<u>STORMWATER MANAGEMENT UTILITY FUND</u>	<u>IRONWOOD GOLF COURSE FUND</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 3,550	\$ -	\$ 3,400
Equity in pooled cash and investments	-	3,079,673	-
Receivables	6,060,518	360,157	1,400
Due from other funds	5,808	557,601	-
Inventories	<u>1,241,031</u>	<u>-</u>	<u>65,402</u>
Total current assets	<u>7,310,907</u>	<u>3,997,431</u>	<u>70,202</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Buildings	38,295,518	1,540,597	351,210
Improvements other than buildings	1,741,264	-	967,334
Machinery and equipment	16,562,589	328,632	284,930
Infrastructure	-	21,800,794	-
Capital assets (not depreciated):			
Land	4,690,877	4,152,306	520,265
Construction in progress	<u>177,438</u>	<u>6,024,935</u>	<u>-</u>
TOTAL ASSETS	<u>68,778,593</u>	<u>37,844,695</u>	<u>2,193,941</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>4,258,763</u>	<u>949,923</u>	<u>49,438</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,258,763</u>	<u>949,923</u>	<u>49,438</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	1,067,927	172,722	37,789
Accounts payable - payroll	199,625	69,667	2,789
Due to other funds	5,195,352	-	1,080,446
Current portion of long-term debt	<u>15,026</u>	<u>172,588</u>	<u>56,207</u>
Total current liabilities	<u>6,477,930</u>	<u>414,977</u>	<u>1,177,231</u>
Noncurrent liabilities:			
Long-term debt	375,654	2,057,270	953,885
Net pension liability	<u>15,480,298</u>	<u>3,452,902</u>	<u>179,705</u>
Total noncurrent liabilities	<u>15,855,952</u>	<u>5,510,172</u>	<u>1,133,590</u>
TOTAL LIABILITIES	<u>22,333,882</u>	<u>5,925,149</u>	<u>2,310,821</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>1,167,651</u>	<u>260,447</u>	<u>13,555</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,167,651</u>	<u>260,447</u>	<u>13,555</u>
<u>NET POSITION</u>			
Net investment in capital assets	61,467,686	31,617,406	2,123,739
Restricted for:			
Capital improvement surcharge	-	-	101,599
RTS grant	468,600	-	-
Unrestricted	<u>(12,400,463)</u>	<u>991,616</u>	<u>(2,306,335)</u>
TOTAL NET POSITION	<u>\$ 49,535,823</u>	<u>\$ 32,609,022</u>	<u>\$ (80,997)</u>

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016

	<u>FLORIDA</u> <u>BUILDING CODE</u> <u>ENFORCEMENT</u> <u>FUND</u>	<u>SOLID</u> <u>WASTE</u> <u>FUND</u>	<u>TOTAL</u> <u>NONMAJOR</u> <u>ENTERPRISE</u> <u>FUNDS</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 6,950
Equity in pooled cash and investments	5,890,504	3,636,358	12,606,535
Receivables	-	373,154	6,795,229
Due from other funds	665	644,458	1,208,532
Inventories	4,143	-	1,310,576
Total current assets	<u>5,895,312</u>	<u>4,653,970</u>	<u>21,927,822</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Buildings	-	467,239	40,654,564
Improvements other than buildings	-	-	2,708,598
Machinery and equipment	4,779	15,475	17,196,405
Infrastructure	-	-	21,800,794
Capital assets (not depreciated):			
Land	-	100,989	9,464,437
Construction in progress	-	-	6,202,373
TOTAL ASSETS	<u>5,900,091</u>	<u>5,237,673</u>	<u>119,954,993</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>462,602</u>	<u>257,786</u>	<u>5,978,512</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>462,602</u>	<u>257,786</u>	<u>5,978,512</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	453,594	753,283	2,485,315
Accounts payable - payroll	35,728	15,669	323,478
Due to other funds	-	-	6,275,798
Current portion of long-term debt	2,922	111,757	358,500
Total current liabilities	<u>492,244</u>	<u>880,709</u>	<u>9,443,091</u>
Noncurrent liabilities:			
Long-term debt	73,049	2,475,218	5,935,076
Net pension liability	1,681,525	937,033	21,731,463
Total noncurrent liabilities	<u>1,754,574</u>	<u>3,412,251</u>	<u>27,666,539</u>
TOTAL LIABILITIES	<u>2,246,818</u>	<u>4,292,960</u>	<u>37,109,630</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>126,834</u>	<u>70,679</u>	<u>1,639,166</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>126,834</u>	<u>70,679</u>	<u>1,639,166</u>
<u>NET POSITION</u>			
Net investment in capital assets	4,779	583,703	95,797,313
Restricted for:			
Capital improvement surcharge	-	-	101,599
RTS grant	-	-	468,600
Unrestricted	<u>3,984,262</u>	<u>548,117</u>	<u>(9,182,803)</u>
TOTAL NET POSITION	<u>\$ 3,989,041</u>	<u>\$ 1,131,820</u>	<u>\$ 87,184,709</u>

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
<u>OPERATING REVENUES</u>			
Sales and service charges	\$ 16,220,665	\$ 7,753,413	\$ 895,996
Other operating revenues	296,016	1,949	-
TOTAL OPERATING REVENUES	<u>16,516,681</u>	<u>7,755,362</u>	<u>895,996</u>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	21,872,951	5,465,620	1,012,162
Administrative and general	1,600,794	1,040,514	484,011
Depreciation and amortization	4,654,912	917,912	164,689
TOTAL OPERATING EXPENSES	<u>28,128,657</u>	<u>7,424,046</u>	<u>1,660,862</u>
OPERATING INCOME (LOSS)	<u>(11,611,976)</u>	<u>331,316</u>	<u>(764,866)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>			
Investment income/(loss)	(164,326)	100,150	(19,368)
Interest expense	-	(103,458)	(43,486)
Local option gas tax	2,012,811	-	-
Operating grants	5,764,464	64,337	-
TOTAL NON OPERATING REVENUE(EXPENSES)	<u>7,612,949</u>	<u>61,029</u>	<u>(62,854)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(3,999,027)</u>	<u>392,345</u>	<u>(827,720)</u>
Capital contributions	3,382,940	379,844	78,295
Transfers in	1,184,886	-	804,746
Transfers out	(372,208)	(85,279)	(5,016)
CHANGE IN NET POSITION	<u>196,591</u>	<u>686,910</u>	<u>50,305</u>
TOTAL NET POSITION			
October 1	<u>49,339,232</u>	<u>31,922,112</u>	<u>(131,302)</u>
TOTAL NET POSITION			
September 30	<u>\$ 49,535,823</u>	<u>\$ 32,609,022</u>	<u>\$ (80,997)</u>

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>			
Sales and service charges	\$ 3,096,496	\$ 9,548,821	\$ 37,515,391
Other operating revenues	21,356	-	319,321
TOTAL OPERATING REVENUES	<u>3,117,852</u>	<u>9,548,821</u>	<u>37,834,712</u>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	2,312,545	8,542,481	39,205,759
Administrative and general	337,062	351,213	3,813,594
Depreciation and amortization	721	24,963	5,763,197
TOTAL OPERATING EXPENSES	<u>2,650,328</u>	<u>8,918,657</u>	<u>48,782,550</u>
OPERATING INCOME (LOSS)	<u>467,524</u>	<u>630,164</u>	<u>(10,947,838)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>			
Investment income/(loss)	166,766	126,353	209,575
Interest expense	-	(81,257)	(228,201)
Local option gas tax	-	-	2,012,811
Operating grants	-	-	5,828,801
TOTAL NON OPERATING REVENUE(EXPENSES)	<u>166,766</u>	<u>45,096</u>	<u>7,822,986</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	634,290	675,260	(3,124,852)
Capital contributions	-	-	3,841,079
Transfers in	-	6,400	1,996,032
Transfers out	(224,512)	(1,823,507)	(2,510,522)
CHANGE IN NET POSITION	409,778	(1,141,847)	201,737
TOTAL NET POSITION			
October 1	<u>3,579,263</u>	<u>2,273,667</u>	<u>86,982,972</u>
TOTAL NET POSITION			
September 30	<u>\$ 3,989,041</u>	<u>\$ 1,131,820</u>	<u>\$ 87,184,709</u>

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 17,318,664	\$ 7,755,361	\$ 895,996
Cash paid to suppliers	(8,543,380)	(2,848,672)	(1,286,089)
Cash paid to employees	(13,155,868)	(3,177,717)	(204,546)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(4,380,584)</u>	<u>1,728,972</u>	<u>(594,639)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Local option gas tax	2,012,811	-	-
Operating grants	2,381,524	64,337	-
Interest paid	(164,326)	-	(19,368)
Interfund borrowing	(1,294,669)	(296,631)	68,280
Transfers from other funds	1,184,886	-	804,746
Transfers to other funds	(372,208)	(85,279)	(5,016)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>3,748,018</u>	<u>(317,573)</u>	<u>848,642</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal repayments on long-term debt	-	(63,023)	(54,335)
Interest paid on long-term debt	-	(103,458)	(43,486)
Capital contributions	3,382,940	379,844	-
Acquisition and construction of capital assets	(2,750,374)	(2,060,556)	(156,182)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>632,566</u>	<u>(1,847,193)</u>	<u>(254,003)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received	-	100,150	-
Purchase of investments	-	(498,599)	-
Proceeds from investment maturities	-	2,651,487	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>2,253,038</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	-	1,817,244	-
CASH - OCTOBER 1	<u>3,550</u>	<u>763,830</u>	<u>3,400</u>
CASH - SEPTEMBER 30	<u>\$ 3,550</u>	<u>\$ 2,581,074</u>	<u>\$ 3,400</u>

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 3,117,852	\$ 9,537,579	\$ 38,625,452
Cash paid to suppliers	(562,464)	(7,723,650)	(20,964,255)
Cash paid to employees	(1,798,922)	(852,906)	(19,189,959)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>756,466</u>	<u>961,023</u>	<u>(1,528,762)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Local option gas tax	-	-	2,012,811
Operating grants	-	-	2,445,861
Interest paid	-	-	(183,694)
Interfund borrowing	(665)	(42,120)	(1,565,805)
Transfers from other funds	-	6,400	1,996,032
Transfers to other funds	(224,512)	(1,823,507)	(2,510,522)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>(225,177)</u>	<u>(1,859,227)</u>	<u>2,194,683</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal repayments on long-term debt	-	(104,853)	(222,211)
Interest paid on long-term debt	-	(81,257)	(228,201)
Capital contributions	-	-	3,762,784
Acquisition and construction of capital assets	(5,500)	-	(4,972,612)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,500)</u>	<u>(186,110)</u>	<u>(1,660,240)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received	166,766	126,353	393,269
Purchase of investments	(953,673)	(588,726)	(2,040,998)
Proceeds from investment maturities	3,840,765	3,394,742	9,886,994
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>3,053,858</u>	<u>2,932,369</u>	<u>8,239,265</u>
NET INCREASE (DECREASE) IN CASH	3,579,647	1,848,055	7,244,946
CASH - OCTOBER 1	<u>1,357,184</u>	<u>1,199,577</u>	<u>3,327,541</u>
CASH - SEPTEMBER 30	<u>\$ 4,936,831</u>	<u>\$ 3,047,632</u>	<u>\$ 10,572,487</u>

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
OPERATING INCOME (LOSS)	\$ (11,611,976)	\$ 331,316	\$ (764,866)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation and amortization	4,654,912	917,912	164,689
(Increase)/decrease in receivables	801,983	(1)	-
(Increase)/decrease in inventories	(23,617)	-	-
Increase/(decrease) in accounts payable and accrued liabilities	230,268	46,100	(39,335)
Pension expense adjustment	1,567,846	433,645	44,873
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (4,380,584)	\$ 1,728,972	\$ (594,639)
 RECONCILIATION OF CASH TO STATEMENT OF NET POSITION			
Cash	\$ 3,550	\$ 2,581,074	\$ 3,400
Investments	-	498,599	-
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION	\$ 3,550	\$ 3,079,673	\$ 3,400

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING INCOME (LOSS)	\$ 467,524	\$ 630,164	\$ (10,947,838)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation and amortization	721	24,963	5,763,197
(Increase)/decrease in receivables	-	(11,242)	790,740
(Increase)/decrease in inventories	-	-	(23,617)
Increase/(decrease) in accounts payable and accrued liabilities	111,852	196,883	545,768
Pension expense adjustment	176,369	120,255	2,342,988
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 756,466	\$ 961,023	\$ (1,528,762)
 RECONCILIATION OF CASH TO STATEMENT OF NET POSITION			
Cash	\$ 4,936,831	\$ 3,047,632	\$ 10,572,487
Investments	953,673	588,726	2,040,998
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET POSITION	\$ 5,890,504	\$ 3,636,358	\$ 12,613,485

(CONCLUDED)

INTERNAL SERVICE FUNDS

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

The City maintains the following Internal Service Funds:

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 400,000	\$ 122,000	\$ -	\$ 522,000
Equity in pooled cash and investments	11,140,716	2,538,125	6,059,814	19,738,655
Receivables	562	169	1,166	1,897
Due from other funds	300,809	-	179,216	480,025
Inventories	-	-	163,050	163,050
Prepaid expenses	23,204	-	-	23,204
Total current assets	<u>11,865,291</u>	<u>2,660,294</u>	<u>6,403,246</u>	<u>20,928,831</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Buildings	-	-	3,228,569	3,228,569
Improvements other than buildings	-	-	1,154,665	1,154,665
Machinery and equipment	7,469	-	10,028,315	10,035,784
Infrastructure	-	-	247,794	247,794
Capital assets (non depreciable):				
Land	-	-	631,563	631,563
Total noncurrent assets	<u>7,469</u>	<u>-</u>	<u>15,290,906</u>	<u>15,298,375</u>
TOTAL ASSETS	<u>11,872,760</u>	<u>2,660,294</u>	<u>21,694,152</u>	<u>36,227,206</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	434,351	31,782	434,351	900,484
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>434,351</u>	<u>31,782</u>	<u>434,351</u>	<u>900,484</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	6,876,962	1,469,006	403,767	8,749,735
Accounts payable - payroll	26,391	2,151	29,326	57,868
Current portion of long-term debt	1,972	13	2,723	4,708
Total current liabilities	<u>6,905,325</u>	<u>1,471,170</u>	<u>435,816</u>	<u>8,812,311</u>
Noncurrent liabilities:				
Long-term debt	49,288	323	68,083	117,694
Pension liability	1,578,836	115,525	1,578,836	3,273,197
	<u>1,628,124</u>	<u>115,848</u>	<u>1,646,919</u>	<u>3,390,891</u>
TOTAL LIABILITIES	<u>8,533,449</u>	<u>1,587,018</u>	<u>2,082,735</u>	<u>12,203,202</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	119,089	8,714	119,089	246,892
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>119,089</u>	<u>8,714</u>	<u>119,089</u>	<u>246,892</u>
NET POSITION				
Net investment in capital assets	7,469	-	15,290,906	15,298,375
Unrestricted	3,647,104	1,096,344	4,635,773	9,379,221
TOTAL NET POSITION	<u>\$ 3,654,573</u>	<u>\$ 1,096,344</u>	<u>\$ 19,926,679</u>	<u>\$ 24,677,596</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>OPERATING REVENUES</u>				
Sales and service charges	\$ 6,138,745	\$ 5,642,464	\$ 7,030,324	\$ 18,811,533
Employer contributions	-	12,179,170	-	12,179,170
Employee contributions	-	6,861,979	-	6,861,979
Other operating revenues	533,251	1,194,271	154,637	1,882,159
TOTAL OPERATING REVENUES	6,671,996	25,877,884	7,184,961	39,734,841
<u>OPERATING EXPENSES</u>				
Operations and maintenance	5,739,204	-	4,046,201	9,785,405
Administrative and general	1,334,407	276,284	714,212	2,324,903
Depreciation and amortization	6,578	-	2,235,144	2,241,722
Benefits paid and other expenses	-	26,943,556	-	26,943,556
TOTAL OPERATING EXPENSES	7,080,189	27,219,840	6,995,557	41,295,586
OPERATING INCOME (LOSS)	(408,193)	(1,341,956)	189,404	(1,560,745)
<u>NON OPERATING REVENUES</u>				
Investment income	314,804	45,301	180,594	540,699
TOTAL NON OPERATING REVENUES	314,804	45,301	180,594	540,699
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(93,389)	(1,296,655)	369,998	(1,020,046)
Capital contributions	-	-	183,477	183,477
Transfers out	(33,140)	(2,318)	(39,318)	(74,776)
CHANGE IN NET POSITION	(126,529)	(1,298,973)	514,157	(911,345)
TOTAL NET POSITION				
October 1,	3,781,102	2,395,317	19,412,522	25,588,941
NET POSITION, September 30	\$ 3,654,573	\$ 1,096,344	\$ 19,926,679	\$ 24,677,596

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 6,138,638	\$ 25,877,884	\$ 7,029,158	\$ 39,045,680
Cash paid to suppliers	(5,363,694)	(26,964,690)	(2,997,686)	(35,326,070)
Cash paid to employees	(1,758,111)	(97,049)	(1,449,921)	(3,305,081)
Other operating receipts	533,251	-	154,637	687,888
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(449,916)	(1,183,855)	2,736,188	1,102,417
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers to other funds	(33,140)	(2,318)	(39,318)	(74,776)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(33,140)	(2,318)	(39,318)	(74,776)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition and construction of capital assets	-	-	(3,244,111)	(3,244,111)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(3,244,111)	(3,244,111)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received	314,804	45,301	180,594	540,699
Purchase of investments	(1,803,682)	(410,922)	(981,084)	(3,195,688)
Proceeds from investment maturities	8,399,578	2,714,367	4,759,012	15,872,957
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	6,910,700	2,348,746	3,958,522	13,217,968
NET INCREASE IN CASH	6,427,644	1,162,573	3,411,281	11,001,498
CASH - OCTOBER 1	3,309,390	1,086,630	1,667,449	6,063,469
CASH - SEPTEMBER 30	\$ 9,737,034	\$ 2,249,203	\$ 5,078,730	\$ 17,064,967

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
OPERATING INCOME (LOSS)	\$ (408,193)	\$ (1,341,956)	\$ 189,404	\$ (1,560,745)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Depreciation and amortization	6,578	-	2,235,144	2,241,722
(Increase)/decrease in receivables	(107)	-	(1,166)	(1,273)
(Increase)/decrease in due from other funds	45,144	-	29,497	74,641
(Increase)/decrease in inventories	-	-	(22,222)	(22,222)
Increase/(decrease) in accounts payable and accrued liabilities	(93,338)	158,101	305,531	370,294
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (449,916)	\$ (1,183,855)	\$ 2,736,188	\$ 1,102,417
 <u>RECONCILIATION OF CASH TO STATEMENT OF NET POSITION</u>				
Cash	\$ 9,737,034	\$ 2,249,203	\$ 5,078,730	\$ 17,064,967
Investments	1,803,682	410,922	981,084	3,195,688
TOTAL CASH AND EQUITY IN POOL PER STATEMENT OF NET POSITION	\$ 11,540,716	\$ 2,660,125	\$ 6,059,814	\$ 20,260,655
 <u>NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</u>				
Contribution of capital assets	\$ -	\$ -	\$ 183,477	\$ 183,477
Change in fair value of investments	103,538	30,282	55,665	189,485
NET NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES	\$ 103,538	\$ 30,282	\$ 239,142	\$ 372,962

(CONCLUDED)

FIDUCIARY FUNDS

TRUST FUNDS

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

The City maintains the following Trust Funds:

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
SEPTEMBER 30, 2016

	EMPLOYEES'	POLICE OFFICERS'	OTHER	
	PENSION	AND	POST-	
	FUND	FIREFIGHTERS'	EMPLOYMENT	TOTALS
	FUND	CONSOLIDATED	BENEFITS	
	FUND	RETIREMENT	(OPEB)	FUND
ASSETS	FUND	FUND	FUND	TOTALS
Cash and cash equivalents	\$ 5,845,458	\$ 24,137,834	\$ 1,275,908	\$ 31,259,200
Equity in pooled cash and investments	2,073,133	5,760,548	1,274,179	9,107,860
Investments, at fair value:				
Equities	299,369,535	150,733,700	55,153,323	505,256,558
Real estate	45,197,689	24,169,034	-	69,366,723
Fixed income:				
Government bonds	627,188	1,451,863	487,743	2,566,794
Corporate bonds	4,471,702	11,876,077	-	16,347,779
Mortgage & asset backed securities	160,020	401,247	1,264,905	1,826,172
Total investments, at fair value:	<u>349,826,134</u>	<u>188,631,921</u>	<u>56,905,971</u>	<u>595,364,026</u>
Investment adjustments:				
Dividends receivable	147,219	70,355	-	217,574
Interest receivable	56,419	149,555	-	205,974
Receivable for investments sold	443,476	738,060	-	1,181,536
Payable for investments purchased	<u>(1,034,063)</u>	<u>(483,799)</u>	<u>-</u>	<u>(1,517,862)</u>
Total investment adjustments	<u>(386,949)</u>	<u>474,171</u>	<u>-</u>	<u>87,222</u>
TOTAL ASSETS	<u>357,357,776</u>	<u>219,004,474</u>	<u>59,456,058</u>	<u>635,818,308</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>59,505</u>	<u>4,292</u>	<u>13,584</u>	<u>77,381</u>
TOTAL LIABILITIES	<u>59,505</u>	<u>4,292</u>	<u>13,584</u>	<u>77,381</u>
NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS	<u>\$ 357,298,271</u>	<u>\$ 219,000,182</u>	<u>\$ 59,442,474</u>	<u>\$ 635,740,927</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>EMPLOYEES'</u> <u>PENSION</u> <u>FUND</u>	<u>POLICE OFFICERS'</u> <u>AND</u> <u>FIREFIGHTERS'</u> <u>CONSOLIDATED</u> <u>RETIREMENT</u> <u>FUND</u>	<u>OTHER</u> <u>POST-</u> <u>EMPLOYMENT</u> <u>BENEFITS</u> <u>(OPEB)</u> <u>FUND</u>	<u>TOTALS</u>
<u>ADDITIONS:</u>				
Contributions:				
Employer Contributions:				
Required	\$ 13,481,032	\$ 3,716,354	\$ 2,915,780	\$ 20,113,166
State on behalf payments, through general fund	-	1,242,740	-	1,242,740
Total employer contributions	<u>13,481,032</u>	<u>4,959,094</u>	<u>2,915,780</u>	<u>21,355,906</u>
Employee contributions	<u>4,441,258</u>	<u>2,093,074</u>	<u>3,279,192</u>	<u>9,813,524</u>
Total contributions	<u>17,922,290</u>	<u>7,052,168</u>	<u>6,194,972</u>	<u>31,169,430</u>
Investment income:				
Net appreciation/(depreciation) in fair value of investments	36,534,605	19,320,683	4,727,943	60,583,231
Dividends & interest	<u>4,384,648</u>	<u>3,822,416</u>	<u>1,040,501</u>	<u>9,247,565</u>
Total investment income	<u>40,919,253</u>	<u>23,143,099</u>	<u>5,768,444</u>	<u>69,830,796</u>
Less investment expense	<u>1,729,175</u>	<u>832,778</u>	<u>407,645</u>	<u>2,969,598</u>
Net investment income	<u>39,190,078</u>	<u>22,310,321</u>	<u>5,360,799</u>	<u>66,861,198</u>
TOTAL ADDITIONS	<u>57,112,368</u>	<u>29,362,489</u>	<u>11,555,771</u>	<u>98,030,628</u>
<u>DEDUCTIONS:</u>				
Benefit payments	33,317,556	15,137,364	8,527,047	56,981,967
Refunds of contributions	429,621	307,457	-	737,078
Administrative expenses	<u>670,867</u>	<u>585,416</u>	<u>8,415</u>	<u>1,264,698</u>
TOTAL DEDUCTIONS	<u>34,418,044</u>	<u>16,030,237</u>	<u>8,535,462</u>	<u>58,983,743</u>
CHANGE IN NET POSITION	22,694,324	13,332,252	3,020,309	39,046,885
NET POSITION - October 1	<u>334,603,947</u>	<u>205,667,930</u>	<u>56,422,165</u>	<u>596,694,042</u>
NET POSITION - September 30	<u>\$ 357,298,271</u>	<u>\$ 219,000,182</u>	<u>\$ 59,442,474</u>	<u>\$ 635,740,927</u>



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>	177
<i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>	
<u>Revenue Capacity</u>	183
<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>	193
<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>	197
<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>	199
<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.



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Invested in capital assets, net of related debt	\$ 92,860,038	\$ 96,668,703	\$ 109,776,558	\$ 116,698,998	\$ 127,383,906	\$ 133,198,609	\$ 147,982,728	\$ 163,117,931	\$ 167,469,862	\$ 190,440,482
Restricted	24,744,773	32,633,862	54,338,573	63,393,549	66,834,959	63,041,610	52,874,367	42,462,127	53,090,288	41,905,152
Unrestricted	8,536,785	11,236,904	8,569,078	10,754,370	17,050,427	16,993,135	11,105,349	17,334,531	(85,660,620)	(91,445,398)
Total governmental activities net position	\$ 126,141,596	\$ 140,539,469	\$ 172,684,209	\$ 190,846,917	\$ 211,269,292	\$ 213,233,354	\$ 211,962,444	\$ 222,914,589	\$ 134,899,530	\$ 140,900,236
Business-type activities:										
Invested in capital assets, net of related debt	\$ 349,405,887	\$ 355,005,449	\$ 355,449,225	\$ 373,193,617	\$ 350,932,231	\$ 368,031,597	\$ 362,258,572	\$ 387,916,136	\$ 379,583,536	\$ 361,120,054
Restricted	38,409,591	47,479,252	59,072,730	74,411,130	84,940,717	85,067,843	88,409,575	60,971,377	78,925,696	82,756,292
Unrestricted	21,512,560	30,115,444	57,894,750	55,460,731	102,951,974	110,159,236	113,807,653	134,105,632	115,418,059	131,653,410
Total business-type activities net position	\$ 409,328,038	\$ 432,600,145	\$ 472,416,705	\$ 503,065,478	\$ 538,824,922	\$ 563,258,676	\$ 564,475,800	\$ 582,993,145	\$ 573,927,291	\$ 575,529,756
Total primary government:										
Invested in capital assets, net of related debt	\$ 442,265,925	\$ 451,674,152	\$ 465,225,783	\$ 489,892,615	\$ 478,316,137	\$ 501,230,206	\$ 510,241,300	\$ 551,034,067	\$ 547,053,398	\$ 551,560,536
Restricted	63,154,364	80,113,114	113,411,303	137,804,679	151,775,676	148,109,453	141,283,942	103,433,504	132,015,984	124,661,444
Unrestricted	30,049,345	41,352,348	66,463,828	66,215,101	120,002,401	127,152,371	124,913,002	151,440,163	29,757,439	40,208,012
Total primary government net position	\$ 535,469,634	\$ 573,139,614	\$ 645,100,914	\$ 693,912,395	\$ 750,094,214	\$ 776,492,030	\$ 776,438,244	\$ 805,907,734	\$ 708,826,821	\$ 716,429,992

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

	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 17,066,712	\$ 19,676,597	\$ 20,156,210	\$ 18,762,647	\$ 18,698,649
Public safety	49,394,763	51,608,781	52,968,413	56,238,741	57,166,952
Physical environment	2,790,089	1,144,211	1,126,951	1,510,055	1,116,462
Transportation	12,220,979	11,787,373	4,527,795	14,089,516	13,982,396
Human services	284,999	367,706	293,829	593,420	1,250,715
Economic environment	8,492,950	8,118,429	7,537,152	7,239,951	6,402,656
Interest on long-term debt	7,504,485	7,420,509	7,367,850	7,632,165	7,580,944
Culture & recreation	6,527,215	8,784,045	9,479,058	8,713,366	8,433,374
Total governmental activities expenses	104,282,192	108,907,651	103,457,258	114,779,861	114,632,148
Business-type activities:					
Electric	192,569,894	226,444,987	230,822,719	234,835,876	228,544,484
Gas	27,732,906	29,688,866	24,405,725	24,599,071	24,336,197
Water	18,895,269	21,282,566	21,323,742	22,290,808	22,945,996
Wastewater	22,704,103	26,027,811	24,722,167	24,925,561	27,068,964
GRUCOM	8,421,765	10,437,988	9,993,228	10,719,866	10,907,359
Regional transit system	17,282,667	19,234,349	18,275,948	20,299,166	20,196,358
Stormwater management	5,095,939	4,774,960	4,650,703	5,486,082	5,030,742
Ironwood golf course	1,325,727	1,371,753	1,259,517	1,304,741	1,419,653
Florida building code enforcement	1,783,856	2,025,997	2,577,306	2,362,379	2,263,325
Solid waste	10,009,758	6,993,233	6,285,562	7,101,229	7,320,642
Total business-type activities expenses	305,821,884	348,228,510	344,316,617	353,924,779	350,033,720
Total primary government expenses	\$ 410,104,076	\$ 457,136,161	\$ 447,773,875	\$ 468,704,640	\$ 464,665,868
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 8,923,828	\$ 9,822,901	\$ 9,949,536	\$ 10,078,544	\$ 10,434,927
Public safety	3,903,871	3,571,167	3,824,888	2,692,994	8,696,812
Other charges for services	4,958,140	4,648,919	3,933,103	4,474,776	3,427,670
Operating grants and contributions	6,109,549	7,606,468	7,634,880	6,817,388	8,405,085
Capital grants and contributions	8,093,971	6,822,160	15,249,638	8,224,492	7,130,480
Total governmental activities program revenues	31,989,359	32,471,615	40,592,045	32,288,194	38,094,974
Business-type activities:					
Charges for services:					
Electric	206,552,756	238,595,628	249,761,764	262,530,880	250,057,292
Other utilities	85,133,356	94,775,804	96,097,911	95,053,793	101,100,900
Other charges for services	29,289,277	28,055,330	27,672,309	28,617,567	30,630,504
Operating grants and contributions	6,191,062	9,103,954	7,739,337	11,661,662	5,886,603
Capital grants and contributions	15,903,334	5,134,693	4,253,489	3,554,922	5,146,531
Total business-type activities program revenues	343,069,785	375,665,409	385,524,810	401,418,824	392,821,830
Total primary government program revenues	\$ 375,059,144	\$ 408,137,024	\$ 426,116,855	\$ 433,707,018	\$ 430,916,804
Net (Expense)/Revenue					
Governmental activities	\$ (72,292,833)	\$ (76,436,036)	\$ (62,865,213)	\$ (82,491,667)	\$ (76,537,174)
Business-type activities	37,247,901	27,436,899	41,208,193	47,494,045	42,788,110
Total primary government net revenue	\$ (35,044,932)	\$ (48,999,137)	\$ (21,657,020)	\$ (34,997,622)	\$ (33,749,064)
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 22,094,936	\$ 25,974,094	\$ 26,163,266	\$ 26,499,911	\$ 29,016,964
Other taxes	19,989,122	19,906,074	22,432,162	24,326,238	27,865,426
State revenue sharing	4,258,238	4,190,182	3,919,560	3,523,204	3,487,190
Investment gain (loss)	3,413,776	5,862,894	2,744,915	3,240,737	2,706,332
Other revenues	2,312,756	1,318,358	3,142,232	2,817,165	3,593,703
Total governmental activities	52,068,828	57,251,602	58,402,135	60,407,255	66,669,615
Business-type activities:					
Interest	10,217,610	11,581,622	9,370,421	6,930,659	7,176,761
Other revenues	6,944,982	5,880,934	18,896,561	26,280,406	9,962,727
Total business-type activities	17,162,592	17,462,556	28,266,982	33,211,065	17,139,488
Total primary government	\$ 69,231,420	\$ 74,714,158	\$ 86,669,117	\$ 93,618,320	\$ 83,809,103
Changes in Net Position (including transfers, special items and extraordinary items)					
Governmental activities	\$ 16,017,190	\$ 14,397,873	\$ 32,049,638	\$ 18,162,708	\$ 20,422,375
Business-type activities	23,652,036	23,272,107	39,911,662	30,648,773	35,759,444
Total primary government	\$ 39,669,226	\$ 37,669,980	\$ 71,961,300	\$ 48,811,481	\$ 56,181,819

(continued)

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

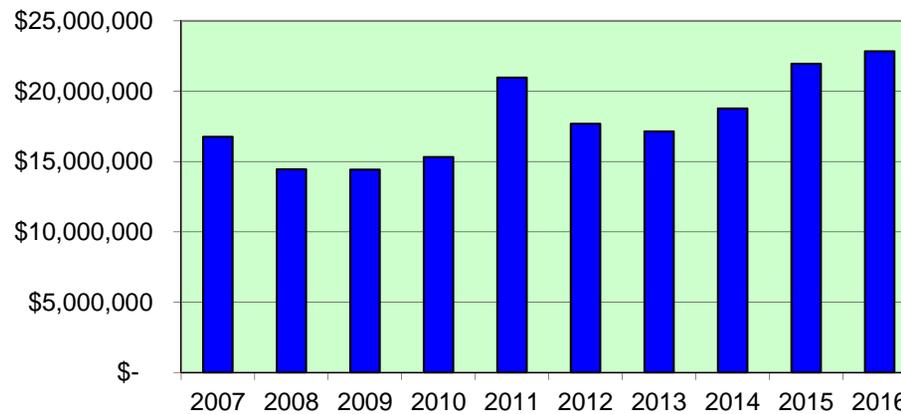
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$ 16,546,820	\$ 17,814,078	\$ 16,176,189	\$ 20,042,296	\$ 23,812,563
Public safety	59,735,600	62,938,271	64,021,054	58,122,081	72,097,913
Physical environment	2,218,153	3,799,039	2,871,836	1,007,994	637,207
Transportation	18,686,598	18,410,169	15,142,893	18,412,980	5,723,450
Human services	581,239	384,825	2,216,579	1,726,374	7,397,884
Economic environment	9,164,986	6,809,885	8,602,592	5,930,125	1,393,939
Interest on long-term debt	7,390,511	7,248,291	6,711,350	7,216,312	8,802,512
Culture & recreation	9,705,943	9,551,902	9,332,876	11,042,060	7,113,163
Total governmental activities expenses	<u>124,029,850</u>	<u>126,956,460</u>	<u>125,075,369</u>	<u>123,500,222</u>	<u>126,978,631</u>
Business-type activities:					
Electric	221,494,502	227,350,282	291,110,843	313,776,108	322,959,616
Gas	21,898,283	21,436,501	22,764,377	23,086,959	21,999,919
Water	24,458,151	24,988,038	25,516,070	25,990,135	28,179,472
Wastewater	27,072,938	27,618,138	27,740,855	27,852,572	32,454,104
GRUCOM	11,160,732	10,504,492	11,761,638	13,733,955	12,491,683
Regional transit system	21,458,507	23,167,649	24,279,240	26,170,257	28,302,063
Stormwater management	6,376,271	6,283,365	6,351,290	6,574,131	7,504,695
Ironwood golf course	1,454,435	1,401,017	1,456,632	1,573,460	1,701,930
Florida building code enforcement	2,156,163	2,042,119	2,306,430	2,324,819	2,661,425
Solid waste	7,377,876	7,237,205	7,594,037	8,623,125	9,002,895
Total business-type activities expenses	<u>344,907,858</u>	<u>352,028,806</u>	<u>420,881,412</u>	<u>449,705,521</u>	<u>467,257,802</u>
Total primary government expenses	<u>\$ 468,937,708</u>	<u>\$ 478,985,266</u>	<u>\$ 545,956,781</u>	<u>\$ 573,205,743</u>	<u>\$ 594,236,433</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 10,701,617	\$ 11,418,234	\$ 13,124,551	\$ 12,900,012	\$ 10,423,187
Public safety	7,945,799	8,238,633	8,399,721	9,105,760	8,464,495
Other charges for services	4,500,224	3,769,211	3,962,570	6,233,296	5,180,923
Operating grants and contributions	8,537,676	8,170,095	7,036,634	7,169,569	8,809,447
Capital grants and contributions	2,862,493	7,570,791	5,061,574	3,999,209	1,698,750
Total governmental activities program revenues	<u>34,547,809</u>	<u>39,166,964</u>	<u>37,585,050</u>	<u>39,407,846</u>	<u>34,576,802</u>
Business-type activities:					
Charges for services:					
Electric	230,805,656	228,822,572	268,774,902	277,077,555	276,623,151
Other utilities	96,875,398	97,083,057	99,880,653	101,823,558	103,207,375
Other charges for services	32,257,122	33,332,016	34,576,794	36,298,907	37,515,391
Operating grants and contributions	6,384,981	14,074,581	25,213,077	9,435,118	5,828,801
Capital grants and contributions	7,148,130	3,004,490	5,658,720	1,962,901	5,305,542
Total business-type activities program revenues	<u>373,471,287</u>	<u>376,316,716</u>	<u>434,104,146</u>	<u>426,598,039</u>	<u>428,480,260</u>
Total primary government program revenues	<u>\$ 408,019,096</u>	<u>\$ 415,483,680</u>	<u>\$ 471,689,196</u>	<u>\$ 466,005,885</u>	<u>\$ 463,057,062</u>
Net (Expense)/Revenue					
Governmental activities	\$ (89,482,041)	\$ (87,789,496)	\$ (87,490,319)	\$ (84,092,376)	\$ (92,401,829)
Business-type activities	28,563,429	24,287,910	13,222,734	(23,107,482)	(38,777,542)
Total primary government net revenue	<u>\$ (60,918,612)</u>	<u>\$ (63,501,586)</u>	<u>\$ (74,267,585)</u>	<u>\$ (107,199,858)</u>	<u>\$ (131,179,371)</u>
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 26,833,852	\$ 25,871,976	\$ 26,077,888	\$ 26,476,044	\$ 29,161,493
Other taxes	25,444,169	21,952,397	21,899,384	21,516,536	21,670,989
State revenue sharing	3,653,017	3,712,905	3,723,420	3,945,358	4,316,493
Investment gain (loss)	2,317,663	3,556,870	(4,908,204)	6,061,874	4,176,684
Other revenues	3,082,853	2,993,407	2,826,862	3,495,904	3,567,795
Total governmental activities	<u>61,331,554</u>	<u>58,087,555</u>	<u>49,619,350</u>	<u>61,495,716</u>	<u>62,893,454</u>
Business-type activities:					
Interest	9,242,257	9,234,751	6,653,021	6,871,499	19,569,675
Other revenues	19,357,072	23,308,136	7,175,429	39,459,939	56,319,413
Total business-type activities	<u>28,599,329</u>	<u>32,542,887</u>	<u>13,828,450</u>	<u>46,331,438</u>	<u>75,889,088</u>
Total primary government	<u>\$ 89,930,883</u>	<u>\$ 90,630,442</u>	<u>\$ 63,447,800</u>	<u>\$ 107,827,154</u>	<u>\$ 138,782,542</u>
Changes in Net Position (including transfers, special items and extraordinary items)					
Governmental activities	\$ 5,278,076	\$ (1,270,910)	\$ 12,751,251	\$ 14,225,269	\$ 6,000,706
Business-type activities	24,433,754	1,217,124	20,988,318	4,753,418	1,602,465
Total primary government	<u>\$ 29,711,830</u>	<u>\$ (53,786)</u>	<u>\$ 33,739,569</u>	<u>\$ 18,978,687</u>	<u>\$ 7,603,171</u>

(concluded)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 3,474,278	\$ 3,363,691	\$ 2,959,587	\$ 2,753,498	\$ 2,487,568	\$ 2,238,498
Assigned	-	-	-	-	1,060,672	2,236,549	772,730	1,494,098	1,985,914	3,551,786
Unassigned	-	-	-	-	16,433,938	12,087,485	13,408,146	14,520,395	17,476,507	17,050,156
Reserved *	4,925,724	4,629,909	4,768,553	4,051,937	-	-	-	-	-	-
Unreserved *	11,826,843	9,818,911	9,659,258	11,264,725	-	-	-	-	-	-
Total general fund	\$ 16,752,567	\$ 14,448,820	\$ 14,427,811	\$ 15,316,662	\$ 20,968,888	\$ 17,687,725	\$ 17,140,463	\$ 18,767,991	\$ 21,949,989	\$ 22,840,440
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,501	\$ 973,501
Restricted	-	-	-	-	70,813,952	64,831,266	5,636,125	45,981,942	40,819,050	36,886,125
Committed	-	-	-	-	782,237	782,237	901,448	1,361,332	2,714,703	3,684,544
Assigned	-	-	-	-	10,370,993	16,633,174	12,555,440	9,632,021	31,481,786	29,243,195
Unassigned	-	-	-	-	(29,288)	(3,067,169)	(2,499,106)	(2,121,436)	(1,734,610)	(1,571,393)
Reserved *	5,215,953	8,635,651	12,958,151	12,066,838	-	-	-	-	-	-
Unreserved, reported in: *										
Special revenue funds	17,059,686	19,457,506	20,652,435	17,677,648	-	-	-	-	-	-
Capital projects funds	30,400,097	26,667,704	47,356,632	54,624,332	-	-	-	-	-	-
Debt service funds	544,869	784,834	819,434	965,256	-	-	-	-	-	-
Total all other governmental funds	\$ 53,220,605	\$ 55,545,695	\$ 81,786,652	\$ 85,334,074	\$ 81,937,894	\$ 79,179,508	\$ 16,593,907	\$ 54,853,859	\$ 74,254,430	\$ 69,215,972

General Fund - Fund Balance



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

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

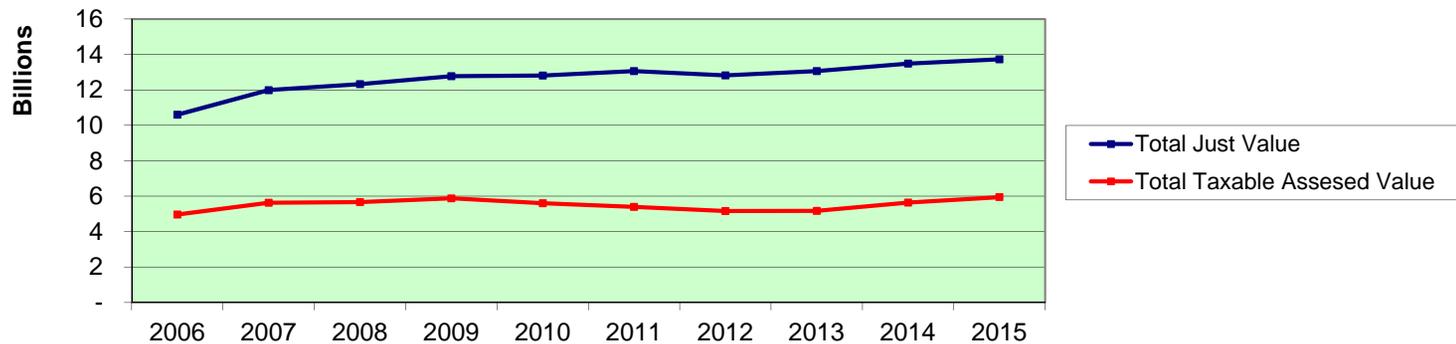
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 40,954,740	\$ 44,919,849	\$ 48,660,333	\$ 55,238,898	\$ 49,781,834	\$ 45,404,192	\$ 45,099,581	\$ 44,949,416	\$ 46,728,963	\$ 45,455,100
Licenses and permits	648,571	1,060,465	770,664	745,274	832,814	866,236	899,441	950,644	965,536	943,444
Intergovernmental	28,253,027	25,763,178	35,152,327	26,966,627	28,665,033	24,685,016	29,719,620	27,502,531	26,925,019	26,204,076
Charges for services	9,285,755	9,380,880	8,918,343	9,134,011	13,375,534	15,054,350	14,389,653	15,533,253	17,043,277	16,977,893
Fines and forfeitures	2,119,270	2,274,774	2,502,515	1,726,229	2,629,506	1,796,110	1,985,956	1,824,055	2,145,183	1,483,244
Miscellaneous	6,875,578	7,227,407	4,263,958	4,727,669	3,936,894	4,450,048	(1,599,295)	7,020,464	7,224,161	5,592,138
Total revenues	88,136,941	90,626,553	100,268,140	98,538,708	99,221,615	92,255,952	90,494,956	97,780,363	101,032,139	96,655,895
Expenditures										
General government	15,920,764	16,470,644	16,588,882	16,110,505	14,707,657	14,999,927	14,857,602	15,191,905	15,432,428	16,769,826
Public safety	48,197,056	49,867,812	51,474,948	52,936,750	54,085,573	55,405,967	57,644,637	60,050,160	57,211,291	58,725,485
Physical environment	2,853,920	971,472	1,220,036	949,027	746,462	1,020,714	3,422,270	2,345,811	728,714	179,148
Transportation	10,993,376	11,590,424	12,043,680	12,669,257	13,165,523	12,481,951	12,117,326	13,493,390	14,799,718	14,357,357
Economic environment	6,009,987	7,634,661	7,938,012	9,710,604	9,040,688	7,961,882	7,324,538	8,322,502	5,679,667	6,110,015
Human services	336,491	410,920	293,829	593,420	1,123,442	554,740	390,769	819,536	1,379,014	1,354,828
Culture and recreation	6,206,272	8,165,959	8,727,210	8,813,164	7,683,761	7,998,869	8,282,530	8,138,572	8,758,008	10,795,803
Debt service:										
Principal	6,920,902	7,747,796	7,822,049	8,511,383	9,192,493	10,332,810	9,886,531	12,884,423	6,084,283	6,205,471
Interest	7,442,180	7,336,659	7,125,182	7,472,387	7,489,706	7,283,092	7,127,610	6,803,431	6,946,531	6,963,319
Advance refunding escrow	-	-	-	-	-	-	-	-	-	2,027,758
Bond issuance costs	26,566	-	36,004	84,974	-	67,243	-	41,837	242,746	78,691
Capital outlay	13,609,187	12,967,402	9,801,087	13,410,389	15,369,816	17,741,445	21,958,840	18,682,145	10,242,908	19,494,913
Total expenditures	118,516,701	123,163,749	123,070,919	131,261,860	132,605,121	135,848,640	143,012,653	146,773,712	127,505,308	143,062,614
Excess of revenues under expenditures	(30,379,760)	(32,537,196)	(22,802,779)	(32,723,152)	(33,383,506)	(43,592,688)	(52,517,697)	(48,993,349)	(26,473,169)	(46,406,719)
Other Financing Sources (Uses)										
Debt issuance	1,540,000	-	11,500,000	3,036,907	-	9,960,000	-	14,715,000	12,435,000	18,600,000
Bond premium/(discount)	(13,434)	-	-	(15,320)	-	-	-	-	947,278	-
Transfers in	46,789,277	50,638,004	67,675,683	54,268,164	54,072,623	67,533,715	61,955,075	59,810,683	71,442,628	63,795,920
Transfers out	(15,261,684)	(18,079,465)	(29,013,693)	(20,130,326)	(18,433,071)	(30,755,032)	(21,843,241)	(21,656,854)	(35,769,168)	(28,212,063)
Payments to refunded bond escrow agent	-	-	-	-	-	(6,230,000)	-	(14,715,000)	-	(11,925,145)
Total other financing sources (uses)	33,054,159	32,558,539	50,161,990	37,159,425	35,639,552	40,508,683	40,111,834	38,153,829	49,055,738	42,258,712
Net change in fund balances	\$ 2,674,399	\$ 21,343	\$ 27,359,211	\$ 4,436,273	\$ 2,256,046	\$ (3,084,005)	\$ (12,405,863)	\$ (10,839,520)	\$ 22,582,569	\$ (4,148,007)
Debt service as a percentage of noncapital expenditures	13.92%	13.99%	14.57%	14.26%	14.80%	14.33%	13.22%	15.92%	11.22%	11.47%



**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		
2007	2006	9,127,221,600	1,475,928,616	1,025,098	3,801,414,175	34,506,400	562,036,357	1,221,910,900	15,135,250	4,969,172,232	4.8509
2008	2007	10,059,735,400	1,931,740,674	1,111,824	4,354,225,897	28,451,900	574,033,101	1,385,629,369	16,885,367	5,633,362,264	4.2544
2009	2008	10,599,500,250	1,732,004,529	1,149,322	4,195,267,980	35,549,700	647,733,978	1,773,423,757	14,341,607	5,666,337,079	4.2544
2010	2009	10,534,674,944	2,245,414,910	1,234,487	4,251,801,982	39,408,200	874,389,881	1,594,957,710	134,747,020	5,886,019,548	4.3963
2011	2010	10,570,350,300	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

Just and Taxable Values



Source:

Alachua County Property Appraiser

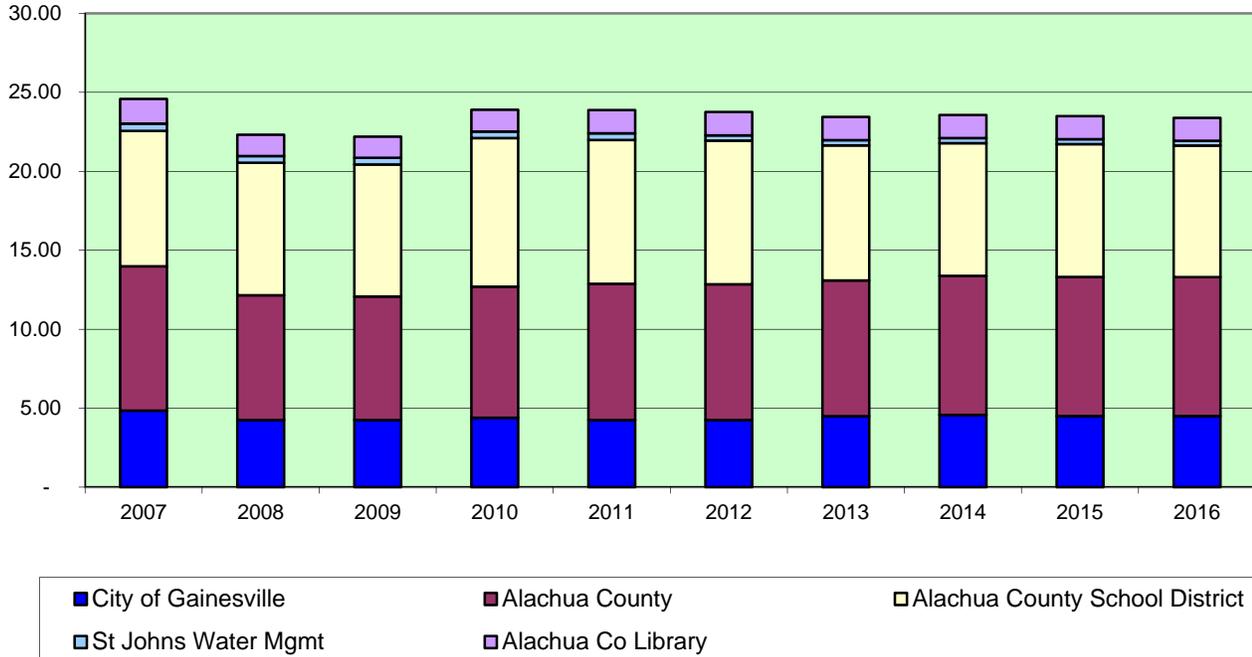
Note:

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

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

Year Fiscal	Year Tax	City of Rate Direct	Overlapping Rates				Total Rates Overlapping
			County Alachua	Alachua District School	St. Johns District Management	Alachua District Library	
2007	2006	4.8509	9.1387	8.5710	0.4620	1.5615	24.5841
2008	2007	4.2544	7.8968	8.3950	0.4158	1.3560	22.3180
2009	2008	4.2544	7.8208	8.3590	0.4158	1.3406	22.1906
2010	2009	4.3963	8.2995	9.4080	0.4158	1.3771	23.8967
2011	2010	4.2544	8.6263	9.1070	0.4158	1.4736	23.8771
2012	2011	4.2544	8.5956	9.0920	0.3313	1.4790	23.7523
2013	2012	4.4946	8.5956	8.5490	0.3313	1.4768	23.4473
2014	2013	4.5780	8.7990	8.4020	0.3283	1.4588	23.5661
2015	2014	4.5079	8.7990	8.4100	0.3164	1.4588	23.4921
2016	2015	4.5079	8.7950	8.3240	0.3023	1.4538	23.3830

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



Source: Alachua County Property Appraiser

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

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

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

	2016		2007	
	Total Assessed	Percentage of Total Taxable Assessed	Total Assessed	Percentage of Total Taxable Assessed
Gainesville Renewable Energy Center Inc.	\$ 314,316,090	1 5.45%	\$ -	0.00%
Oaks Mall Gainesville LTD	125,590,400	2 2.18%	119,000,000	1 2.11%
HCA Health Services of Florida, Inc.	79,815,000	3 1.38%	57,270,600	3 1.02%
AT & T Mobility LLC	68,499,022	4 1.19%	-	0.00%
Oak Hammock at the Univ of Florida, Inc.	54,496,790	5 0.94%	55,989,500	4 0.99%
North Florida Regional Hospital	54,486,950	6 0.94%	-	0.00%
LSH 1601 SW 51st Terrace LP	35,785,500	7 0.62%	-	0.00%
S. Clark Butler Properties Land Trust	35,672,790	8 0.62%	-	0.00%
Duke Energy Florida Inc.	33,808,372	9 0.59%	-	0.00%
CoxCom LLC	31,914,417	10 0.55%	33,745,220	6 0.60%
Inland American Lodging Gaineville LLC	-	0.00%	-	0.00%
Bellsouth Telecommunications	-	n/a	57,936,110	2 1.03%
Florida Power Corp	-	n/a	40,425,000	5 0.72%
Anheuser Busch Companies	-	n/a	33,669,060	7 0.60%
Campus Lodge of Gainesville, LTD	-	n/a	28,820,900	8 0.51%
Columbia/HCA Health Care Corporation	-	n/a	27,114,010	9 0.48%
Kings Gainesville Apartments, LLC	-	n/a	25,861,500	10 0.46%
Total	\$ 834,385,331	14.46%	\$ 479,831,900	6.41%

Source: Alachua County Property Appraiser

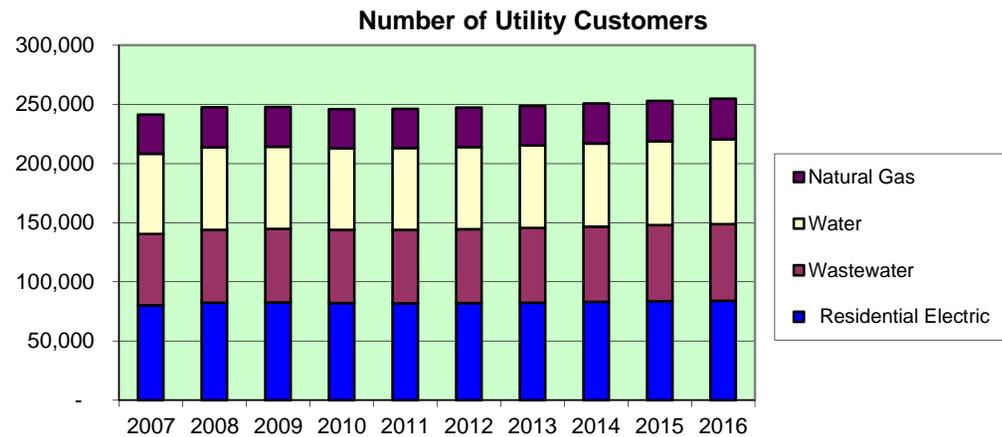
**City of Gainesville
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	24,010,640	23,172,540	96.5%	29,362	23,201,902	96.6%
2008	23,854,419	23,035,894	96.6%	36,698	23,072,592	96.7%
2009	24,020,009	23,191,605	96.6%	57,021	23,248,626	96.8%
2010	25,782,262	24,912,341	96.6%	76,501	24,988,842	96.9%
2011	23,802,971	23,007,885	96.7%	22,704	23,030,589	96.8%
2012	22,865,258	22,085,295	96.6%	59,229	22,144,524	96.8%
2013	23,164,243	22,259,404	96.1%	70,248	22,329,652	96.4%
2014	23,555,254	22,573,803	95.8%	114,901	22,688,704	96.3%
2015	25,408,419	24,342,225	95.8%	44,546	24,386,771	96.0%
2016	25,997,312	24,924,172	95.9%	N/A	24,924,172	95.9%

Source: Alachua County Tax Collector

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Number of Customers</u>										
Residential Electric	80,237	82,399	82,668	82,038	81,900	82,039	82,440	83,117	83,796	84,069
Non-residential Electric	9,675	10,450	10,461	10,383	10,372	10,422	10,467	10,602	10,677	10,726
Water	67,774	69,784	69,496	68,819	68,952	69,329	69,847	70,300	70,903	71,546
Wastewater	60,205	61,552	62,071	61,999	62,164	62,536	63,001	63,501	64,121	64,781
Natural Gas	33,125	33,777	33,451	33,202	33,208	33,264	33,465	33,780	34,152	34,496
<u>Sales</u>										
Electric (gigawatt hours):										
Residential Electric	878	829	807	857	821	754	752	772	793	819
Non-residential Electric	983	992	964	994	967	945	930	942	951	978
Gallons of Water (million gallons)	9,053	8,435	7,892	7,371	7,775	7,369	6,964	6,822	6,786	6,837
Gallons of Wastewater (million gallons)	6,271	5,229	4,899	4,696	4,666	4,706	4,603	4,528	4,491	4,510
Therms of Natural Gas (million therms)	21	21	21	23	22	18	19	21	21	20



Source: GRU Annual Reports

City of Gainesville
Utility Rates
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	
Electric:						
Residential Service - Standard						
Customer Charge	per month	\$ 5.17	\$ 5.54	\$ 7.60	\$ 8.45	\$ 8.45
Energy Charge ²	per kWh					
0-250 kWh		0.02400	0.02500	0.02600	0.02800	0.03200
250-750 kWh		0.05800	0.06500	0.06600	0.06700	0.06800
over 750 kWh		0.08300	0.09700	0.09800	0.10200	0.10200
Residential Service - Peak Periods						
Customer Charge	per month	8.75	9.36	17.60	17.60	17.60
Energy Charge ²	per kWh					
On-Peak		0.10280	0.11000	0.13900	0.13900	0.13900
Off-Peak		0.03230	0.03500	0.03500	0.03500	0.03500
General Service Non-Demand & Demand < 50 kW						
Customer Charge	per month	15.18	16.00	16.00	25.50	26.00
Energy Charge ²	per kWh					
0-1500 kWh		0.05548	0.06200	0.06800	0.07000	0.08000
over 1500 kWh		0.07183	0.08000	0.09500	0.10300	0.10800
Business Partner Discount Rate		7%	0%	0%	0%	0%
General Service Demand - 50kW > Demand < 1000 kW						
Customer Charge	per month	30.92	33.00	45.00	45.00	50.00
Demand Charge	per kW	7.56	9.00	9.20	9.25	9.25
Energy Charge ²	per kWh	0.02633	0.02900	0.03200	0.04200	0.05100
Business Partner Discount Rate		10%	0%	0%	0%	0%
Large Power Service - Demand > 1000 kW						
Customer Charge	per month	245.05	265.00	300.00	300.00	300.00
Demand Charge	per kW	7.08	9.00	9.20	9.25	9.25
Energy Charge ²	per kWh	0.02597	0.02700	0.03100	0.03900	0.04600
Business Partner Discount Rate		13%	0%	0%	0%	0%
Water:						
Residential Service						
Customer Charge ⁵	per month	4.86	5.35	7.00	7.30	7.75
Usage Charge ³	per kGal					
1,000 - 6,000		1.42	1.56	1.59	1.65	1.99
7,000 - 20,000		2.35	2.82	3.11	3.30	3.65
Over 21,000		4.04	4.93	5.50	6.00	6.00
Non-Residential Service						
Customer Charge ⁵	per month	4.86	5.35	7.00	7.30	7.75
Usage Charge	per kGal	2.35	2.82	3.11	3.30	3.40
Irrigation Service						
Customer Charge ^{4,5}	per month	4.86	4.86	4.86	7.30	7.75
Usage Charge	per kGal					
1,000 - 12,000		2.35	2.82	3.11	3.30	3.65
13,000 or more		4.04	4.93	5.50	6.00	6.00
Non-residential		n/a	n/a	n/a	4.35	4.40
University of Florida						
Customer Charge ⁵	per month	4.86	5.35	7.00	7.30	7.75
Usage Charge	per kGal					
On-Campus		1.04	1.13	1.54	1.92	1.67
Off-Campus		1.15	1.30	1.80	2.67	2.57
City of Alachua						
Customer Charge ⁵	per month	4.86	5.35	7.00	7.30	7.75
Usage Charge	per kGal	1.21	1.33	1.45	1.51	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

	2012	2013	2014	2015	2016	
Electric:						
Residential Service - Standard						
Customer Charge	per month	\$ 8.67	\$ 8.67	\$ 11.90	\$ 12.75	\$ 14.25
Energy Charge ²	per kWh					
0-250 kWh		0.03400	0.03400	0.03900	0.03100	0.04300
250-750 kWh		0.06800	0.06800	0.05000	0.04200	0.00640
over 750 kWh		0.10200	0.10200	0.09400	0.08400	0.07800
Residential Service - Peak Periods						
Customer Charge	per month	17.60	17.60	17.60	n/a	n/a
Energy Charge ²	per kWh					
On-Peak		0.13900	0.13900	0.13900	n/a	n/a
Off-Peak		0.03500	0.03500	0.03500	n/a	n/a
General Service Non-Demand & Demand < 50 kW						
Customer Charge	per month	26.00	26.00	30.00	29.50	29.50
Energy Charge ²	per kWh					
0-1500 kWh		0.08000	0.08000	0.07600	0.06900	0.06900
over 1500 kWh		0.10800	0.10800	0.10600	0.10000	0.10000
Business Partner Discount Rate		0%	0%	0%	0%	0%
General Service Demand - 50kW > Demand < 1000 kW						
Customer Charge	per month	50.00	50.00	100.00	100.00	100.00
Demand Charge	per kW	9.25	9.25	9.25	8.50	8.50
Energy Charge ²	per kWh	0.05100	0.05100	0.04500	0.04000	0.04000
Business Partner Discount Rate		2%	2%	2%	0%	0%
Large Power Service - Demand > 1000 kW						
Customer Charge	per month	300.00	300.00	350.00	350.00	350.00
Demand Charge	per kW	9.25	9.25	9.25	8.50	8.50
Energy Charge ²	per kWh	0.04600	0.04600	0.04050	0.03600	0.03600
Business Partner Discount Rate		2%	2%	2%	0%	0%
Water:						
Residential Service						
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20
Usage Charge ³	per kGal					
1,000 - 6,000		2.05	2.20	2.30	2.35	2.35
7,000 - 20,000		3.65	3.75	3.75	3.75	3.75
Over 21,000		6.00	6.00	6.00	6.00	6.00
Non-Residential Service						
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20
Usage Charge	per kGal	3.65	3.75	3.80	3.85	3.85
Irrigation Service						
Customer Charge ^{4,5}	per month	8.65	8.70	9.00	9.20	9.20
Usage Charge	per kGal					
1,000 - 12,000		3.65	3.75	3.75	3.75	3.75
13,000 or more		6.00	6.00	6.00	6.00	6.00
Non-residential		4.40	4.45	4.50	4.55	4.60
University of Florida						
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20
Usage Charge	per kGal					
On-Campus		2.17	2.16	2.18	2.22	2.30
Off-Campus		3.21	3.13	2.77	2.64	2.91
City of Alachua						
Customer Charge ⁵	per month	8.65	8.70	9.00	9.20	9.20
Usage Charge	per kGal	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

		2007	2008	2009	2010	2011
<u>Wastewater:</u>						
Residential Service						
Customer Charge	per month	3.52	4.00	6.00	6.00	6.50
Usage Charge	per kGal	3.94	4.63	4.94	5.07	5.29
Residential not connected , but required to be by ordinance		23.22	23.22	23.22	31.35	32.95
Residential, on wells, flat rate per month		23.22	23.22	23.22	31.35	32.95
Multi-family						
Customer Charge	per month	3.52	4.00	6.00	6.00	6.50
Usage Charge- flat rate	per month	19.70	23.15	24.70	25.35	26.45
Non-Residential Service						
Customer Charge ⁵	per month	3.52	4.00	6.00	6.00	6.50
Usage Charge	per kGal	3.94	4.63	4.94	5.07	5.29
Tacachale						
Customer Charge	per month	4,213.36	4,929.63	5,259.69	n/a	n/a
Usage Charge	per kGal	1.34	1.36	1.44	n/a	n/a
University of Florida - Maguire Village						
Customer Charge	per month	n/a	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a	n/a
<u>Natural Gas:</u>						
Residential Service						
Customer Charge	per month	7.04	7.15	9.52	9.52	9.52
Energy Charge ¹	per therm	0.40537	0.42400	0.48300	0.48300	0.48300
MGP	per therm	0.03210	0.03210	0.03700	0.03700	0.04340
General Firm Service						
Customer Charge	per month	\$ 17.60	\$ 19.89	\$ 30.00	\$ 30.00	\$ 35.00
Energy Charge ¹	per therm	\$ 0.23490	\$ 0.26990	\$ 0.30800	\$ 0.30800	\$ 0.34300
MGP	per therm	\$ 0.03210	\$ 0.32100	\$ 0.03700	\$ 0.03700	\$ 0.04340
Interruptible Service						
Customer Charge	per month	\$ 351.90	\$ 360.00	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ²	per therm	\$ 0.17153	\$ 0.20590	\$ 0.28600	\$ 0.28600	\$ 0.31500
MGP	per therm	\$ 0.03210	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
Contract Interruptible Service						
Customer Charge	per month	\$ 351.90	\$ 360.00	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ³	per therm	\$ 0.03210	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
MGP	per therm	\$ 0.03210	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
Large Volume Interruptible Service						
Customer Charge	per month	\$ 351.90	\$ 351.90	\$ 375.00	\$ 375.00	\$ 375.00
Energy Charge ²	per therm	\$ 0.10486	\$ 0.11990	\$ 0.14268	\$ 0.14268	\$ 0.15730
MGP	per therm	\$ 0.03210	\$ 0.03210	\$ 0.03700	\$ 0.03700	\$ 0.04340
Liquid Propane (LP) Service						
Customer Charge	per month	\$ 7.04	\$ 7.15	\$ 9.52	\$ 9.52	\$ 9.52
Energy Charge ⁴	per gallon					
3-yr recovery		\$ 0.64513	\$ 0.64513	\$ 0.64513	\$ 0.64513	\$ 0.64513
5-yr recovery		\$ 0.59513	\$ 0.59513	\$ 0.59513	\$ 0.59513	\$ 0.59513
7-yr recovery		\$ 0.57013	\$ 0.57013	\$ 0.57013	\$ 0.57013	\$ 0.57013
> 7-yr recovery		\$ 0.52513	\$ 0.52513	\$ 0.52513	\$ 0.52513	\$ 0.52513
Basic (no recovery)		n/a	n/a	n/a	n/a	n/a
Average Annual PGA 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 15,000

5 Effective October 1, 2015 monthly charge for 0.625"

City of Gainesville
Utility Rates
Last Ten Fiscal Years

		2012	2013	2014	2015	2016
<u>Wastewater:</u>						
Residential Service						
Customer Charge	per month	7.40	7.40	7.85	8.40	9.00
Usage Charge	per kGal	5.50	5.80	5.85	6.05	6.20
Residential not connected, but required to be by ordinance		34.90	36.40	37.10	38.65	40.00
Residential, on wells, flat rate		34.90	36.40	37.10	38.65	40.00
Multi-family						
Customer Charge	per month	7.40	7.40	7.85	8.40	9.00
Usage Charge- flat rate	per month	27.50	29.00	29.25	30.25	31.00
Non-Residential Service						
Customer Charge ⁵	per month	7.40	7.40	7.85	8.40	9.00
Usage Charge	per kGal	5.50	5.80	5.85	6.05	6.20
Tacachale						
Customer Charge	per month	n/a	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a	n/a
University of Florida - Maguire Village						
Customer Charge	per month	n/a	n/a	n/a	n/a	n/a
Usage Charge	per kGal	n/a	n/a	n/a	n/a	n/a
<u>Natural Gas:</u>						
Residential Service						
Customer Charge	per month	9.52	9.52	9.52	9.75	9.75
Energy Charge ¹	per therm	0.48300	0.47370	0.48200	0.50200	0.54000
MGP	per therm	0.05050	0.05050	0.05050	0.05660	0.05660
General Firm Service						
Customer Charge	per month	\$ 35.00	\$ 35.00	\$ 40.00	\$ 40.00	\$ 45.00
Energy Charge ¹	per therm	\$ 0.34300	\$ 0.34300	\$ 0.34300	\$ 0.36500	\$ 0.38000
MGP	per therm	\$ 0.05050	\$ 0.05050	\$ 0.05000	\$ 0.05560	\$ 0.05560
Interruptible Service						
Customer Charge	per month	\$ 375.00	\$ 375.00	n/a	n/a	n/a
Energy Charge ²	per therm	\$ 0.31500	\$ 0.31500	n/a	n/a	n/a
MGP	per therm	\$ 0.05050	\$ 0.05050	n/a	n/a	n/a
Contract Interruptible Service						
Customer Charge	per month	\$ 375.00	n/a	n/a	n/a	n/a
Energy Charge ³	per therm					
MGP	per therm	\$ 0.05050	n/a	n/a	n/a	n/a
Large Volume Interruptible Service						
Customer Charge	per month	\$ 375.00	\$ 375.00	\$ 375.00	\$ 375.00	\$ 400.00
Energy Charge ²	per therm	\$ 0.15730	\$ 0.20394	\$ 0.20394	\$ 0.20500	\$ 0.23000
MGP	per therm	\$ 0.05050	\$ 0.05050	\$ 0.05050	\$ 0.05560	\$ 0.05560
Liquid Propane (LP) Service						
Customer Charge	per month	\$ 9.52	\$ 9.52	\$ 9.52	\$ 9.75	\$ 9.75
Energy Charge ⁴	per gallon					
3-yr recovery		\$ 0.64513	n/a	n/a	n/a	n/a
5-yr recovery		\$ 0.59513	n/a	n/a	n/a	n/a
7-yr recovery		\$ 0.57013	\$ 0.63846	\$ 0.64676	\$ 0.66676	\$ 0.70476
> 7-yr recovery		\$ 0.52513	\$ 0.59346	\$ 0.60176	\$ 0.62176	\$ 0.65976
Basic (no recovery)		n/a	\$ 0.56346	\$ 0.57176	\$ 0.59176	\$ 0.62976
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

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

	2016			2007		
	Total Payments	Rank	Percentage of Total Utility Value	Total Payments	Rank	Percentage of Total Utility Value
City of Gainesville	\$ 9,592,255	1	2.21%	\$ 5,338,231	1	1.79%
Alachua County School Board	6,094,184	2	1.40%	4,840,380	2	1.63%
Shands Teaching Hospital and Clinics	5,002,467	3	1.15%	1,809,204	8	.61%
North FL Regional Medical Center	4,785,070	4	1.10%	2,739,784	5	.92%
Publix	4,761,257	5	1.10%	3,331,678	3	1.12%
University of Florida	4,136,862	6	0.95%	1,868,957	7	.63%
Alachua County Board of County Comm	2,763,278	7	0.64%	1,974,064	6	.66%
SiVance LLC	1,717,202	8	0.40%	-		n/a
State of FL Dept. Of Children & Family Svc	1,661,542	9	0.38%	-		n/a
Bellsouth Telecommunications	1,588,323	10	0.37%	-		n/a
Wal Mart Stores Inc	1,514,947	11	0.35%	-		n/a
VA Medical Center	-		-	3,164,922	4	1.06%
Santa Fe Community College	-		-	1,555,757	9	.52%
Shands @ AGH	-		-	1,550,898	10	.52%
	43,617,386		20.11%	28,173,875		9.46%

Source: GRU Annual Reports

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

Presented by Governmental and Business-Type Activities

Year	Governmental Activities			Business-Type Activities			Total Primary Government	Total	
	Bonds	Notes	Lease	Bonds	Notes	Lease		% of Personal Income	Per Capita
2007	170,352,693	1,836,310	879,513	592,718,901	-	-	765,787,417	18.61%	6,303
2008	163,229,892	-	808,654	708,588,045	63,704,015	-	936,330,606	21.30%	7,521
2009	155,428,350	11,500,000	740,339	869,464,359	78,965,901	-	1,116,098,949	26.83%	8,865
2010	149,961,998	11,500,000	669,111	841,502,667	66,036,166	-	1,069,669,942	22.80%	8,090
2011	141,168,262	11,128,468	594,846	946,381,178	65,690,256	-	1,164,963,010	25.41%	9,365
2012	125,440,277	20,643,225	517,414	918,731,703	65,337,135	-	1,130,669,754	23.99%	9,125
2013	117,168,774	19,326,461	436,681	923,700,771	64,974,623	-	1,125,607,310	23.86%	9,049
2014	92,086,614	32,562,746	352,505	896,179,836	66,181,064	99,410,828	1,186,773,593	24.55%	9,444
2015	100,957,376	30,991,592	264,740	924,958,029	70,811,880	977,280,085	2,105,263,702	42.35%	16,453
2016	93,276,839	38,508,036	173,550	907,065,208	65,189,668	959,678,852	2,063,892,153	40.90%	16,047

Presented by City Government and Gainesville Regional Utilities (GRU)

Fiscal Year	City Government	Utility (GRU)	Primary Government	City Government		Utility (GRU)	
				% of Personal Income	Per Capita	% of Personal Income	Per Customer
2007	173,068,516	592,718,901	765,787,417	4.21%	1,424	6.81%	2,306
2008	164,038,546	772,292,060	936,330,606	3.73%	1,318	8.27%	2,920
2009	167,668,689	948,430,260	1,116,098,949	4.03%	1,332	10.85%	3,584
2010	162,131,109	907,538,833	1,069,669,942	3.46%	1,226	9.71%	3,446
2011	152,891,576	1,012,071,434	1,164,963,010	3.33%	1,229	10.43%	3,845
2012	146,600,916	984,068,838	1,130,669,754	3.11%	1,183	9.79%	3,724
2013	136,931,916	988,675,394	1,125,607,310	2.90%	1,101	9.79%	3,713
2014	125,001,865	1,061,771,728	1,186,773,593	2.59%	995	10.36%	3,984
2015	132,213,708	1,973,049,994	2,105,263,702	2.66%	1,033	18.83%	7,313
2016	131,958,425	1,931,933,728	2,063,892,153	2.62%	1,026	18.54%	7,273

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, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Alachua County:			
Sales Tax Revenue Bonds	\$ 34,815,000	45.68%	\$ 15,902,748
Capital Improvement Bank Loan	4,254,000	45.68%	1,943,136
Public Improvement Revenue Note	9,000,000	45.68%	4,111,008
Local Option Gas Tax bank loan	3,925,000	45.68%	1,792,856
Alachua County Library District:			
Bank loan	1,040,000	45.54%	473,620
General Obligation Bonds	626,982	45.54%	285,530
Alachua County School Board District			
State Motor Vehicle License Tax Revenue Bonds	1,065,438	41.66%	443,819
Certificates of Participation	61,677,426	41.66%	<u>25,692,355</u>
Subtotal, Overlapping Debt			50,645,071
City of Gainesville Governmental Activities Direct Debt			<u>131,958,425</u>
			<u>\$ 182,603,496</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
2007	\$ 1,100,340	\$ 620,000	\$ 421,313	1.0567	\$ 297,747,273	\$ 203,665,825	\$ 94,081,448	\$ 13,015,000	\$ 27,530,456	2.3204
2008	1,100,340	645,000	396,513	1.0565	352,615,563	241,084,088	111,531,475	18,555,000	28,572,033	2.3666
2009	1,100,340	670,000	370,713	1.0573	363,585,373	237,644,597	125,940,776	21,985,000	29,077,280	2.4664
2010	1,100,340	700,000	341,163	1.0568	376,339,759	234,351,801	141,987,958	35,045,000	27,123,819	2.2839
2011	1,100,340	735,000	309,362	1.0536	376,167,181	222,620,162	153,547,019	31,055,000	32,952,046	2.3989
2012	1,100,340	770,000	272,683	1.0553	356,680,648	207,130,769	149,549,879	31,900,000	31,855,940	2.3457
2013	1,100,340	810,000	234,813	1.0531	356,409,450	214,466,006	141,943,444	31,900,000	21,964,939	2.6352
2014	1,100,340	850,000	194,313	1.0536	412,169,722	255,797,502	156,372,220	26,845,000	23,392,328	3.1127
2015	1,100,340	890,000	151,813	1.0562	439,576,909	270,982,823	168,594,086	49,020,000	22,227,180	2.3663
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

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.



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
2007	121,497	\$ 8,313,660,000	\$ 33,866	29.3	27,535	3.00%
2008	124,491	8,781,243,000	35,313	29.6	28,198	4.70%
2009	125,904	9,240,924,000	33,044	29.7	27,100	7.40%
2010	132,217	8,706,501,000	35,488	30.1	28,581	8.30%
2011	124,397	9,386,000,000	36,858	30.5	28,085	8.10%
2012	123,903	9,819,000,000	38,045	30.8	27,491	6.90%
2013	124,391	10,514,601,000	37,929	25.8	27,506	5.30%
2014	125,661	10,255,284,000	38,462	25.8	27,390	4.90%
2015	127,955	10,619,747,010	38,847	25.8	27,802	4.50%
2016	128,612	10,725,944,480	39,235	N/A	27,343	4.20%

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	2016			2007		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Florida	27,600	1	21.46%	12,297	1	10.43%
UF Health	12,705	2	9.88%	8,225	2	6.98%
VA Medical Center	6,127	3	4.76%	1,627	7	1.38%
Alachua County School Board	3,904	4	3.04%	4,064	3	3.45%
City of Gainesville	2,072	5	1.61%	2,369	4	2.01%
North Florida Regional Medical Ctr.	2,000	6	1.56%	1,560	8	1.32%
Gator Dining Services	1,200	7	0.93%	-	-	0.00%
Tacachale Center	970	8	0.75%	-	-	n/a
Nationwide Insurance	900	9	0.70%	1,058	9	0.90%
Publix Supermarkets	831	10	0.65%	1,876	6	n/a
Santa Fe Community College	-	-	n/a	926	10	0.79%
Florida Dept. Of Children & Family	-	-	n/a	2,319	5	1.97%
Total	58,309		45.34%	36,321		29.23%

Source: Gainesville Area Chamber of Commerce

Note:

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Charter Offices:										
City Commission	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Clerk of the Commission	8.00	8.00	8.00	6.50	6.50	5.50	5.50	5.50	5.00	5.00
Assistant City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager's Office	6.00	6.00	5.00	4.00	4.00	5.00	5.00	5.00	4.35	4.35
City Auditor's Office	5.50	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
City Attorney's Office	16.00	16.00	16.00	15.00	15.00	17.00	17.00	18.00	17.00	17.00
Equal Opportunity Office	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	9.00
General Government:										
Administrative Services	4.50	4.50	4.50	4.00	4.00	4.00	4.00	4.00	3.70	3.70
Computer Services	18.00	18.00	17.00	19.00	17.00	-	-	-	-	-
Budget & Finance	45.50	45.50	47.00	36.00	37.00	37.00	37.00	37.00	37.00	36.50
Human Resources	19.00	19.00	19.00	15.00	15.00	16.00	16.00	17.00	16.00	16.00
Risk Management	15.00	15.00	15.00	15.00	15.00	16.00	16.00	16.50	16.50	16.50
Communications and Marketing	7.00	7.00	5.00	4.00	4.00	4.00	4.00	4.00	4.50	4.00
Public Safety:										
Police										
Officers	284.00	284.00	299.00	295.00	301.00	301.00	301.00	306.00	305.00	307.00
Civilians	88.00	94.00	87.00	80.00	80.00	80.00	80.00	85.00	83.00	86.00
Fire Rescue										
Officers	144.00	144.00	144.00	155.00	158.00	158.00	158.00	166.00	167.00	166.00
Civilians	10.00	10.00	9.00	10.00	7.00	7.00	7.00	8.00	7.00	8.00
Physical Environment:										
Codes Enforcement	19.00	19.00	19.00	16.00	16.00	16.08	16.08	16.02	16.02	16.30
Planning & Development Services	45.50	46.50	48.00	38.00	38.50	39.50	39.50	40.50	40.50	41.50
Community Development	-	-	-	-	-	-	-	-	-	-
Building Inspection	-	-	-	-	-	-	-	-	-	-
Public Works	163.75	163.75	164.75	160.38	161.87	163.38	163.38	162.38	157.38	158.75
Facilities Management	-	-	-	-	-	-	-	-	-	-
Transportation:										
Regional Transit System	232.00	235.00	236.00	238.00	262.50	272.50	269.50	289.50	289.50	296.50
General Services/Facilities Management	52.00	52.00	51.00	48.38	48.38	48.38	48.38	22.00	22.00	22.00
Fleet Management	-	-	-	-	-	-	-	25.38	25.38	25.00
Economic Environment:										
Housing	8.00	8.00	5.00	1.00	1.70	1.57	1.60	1.57	2.00	1.57
Community Development Block Grant	4.00	4.00	4.00	9.00	8.30	8.30	8.30	8.41	7.98	8.13
Community Redevelopment Agency	-	8.00	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Economic Development	3.00	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Culture & Recreation:										
Parks, Recreation and Cultural Affairs	103.13	103.00	102.00	80.50	80.50	78.50	78.50	79.50	77.00	83.25
Cultural Affairs	-	-	-	-	-	-	-	-	-	-
Recreation & Parks	-	-	-	-	-	-	-	-	-	-
General Manager for Utilities	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: City of Gainesville Budget Division, FTE Report

Notes: In 2014 the General Services Department was restructured into Facilities Management and Fleet Management.

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

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

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

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Fire & EMS ³					
Total EMS incidents per 1,000 population served	33.78	29.90	33.70	27.80	99.60
Total Non-EMS incidents per 1,000 population served	81.10	90.12	96.20	92.70	27.90
Total arson incidents per 10,000 population served	0.41	1.46	0.64	0.54	-
90 th percentile Turnout Time for Fire Apparatus to EMS Incidents	-	-	-	-	1:08
90 th percentile Turnout Time for Fire Apparatus to Building Fires	-	-	-	-	1:26
90 th percentile Travel Time for Fire Apparatus to EMS Incidents	-	-	-	-	7:27
90 th percentile Travel Time for First Arriving Unit at Building Fires	-	-	-	-	6:21
Fleet					
Average age of police vehicles (months)	52	56	44	50	46
Average age of fire apparatus (months)	88	81	92	106	107
Hours billed as a percentage of hours available	82.4%	79.1%	78.3%	79.9%	95.2%
No. of work orders completed - police vehicles	1,106	1,697	1,736	1,822	1,063
No. of work orders completed - fire apparatus	164	170	152	279	235
Total vehicle and heavy equipment work orders	8,814	8,025	7,711	7,327	7,466
Highway and Road Maintenance					
Number of potholes repaired	23,062	14,335	16,943	16,375	10,940
% lane miles assessed as satisfactory or better	70.0%	66.0%	64.0%	60.0%	71.5%
Number of linear miles swept	20,319	19,293	18,337	14,016	11,998
Housing					
# of homes purchased or constructed	31	30	2	10	7
Number of properties rehabilitated	58	68	66	49	50
Number of families served through housing programs	978	784	798	558	314
Police					
Police 911 calls received	124,138	124,955	133,768	142,486	136,085
UCR Part I violent crimes reported per 1,000 pop	9.43	8.46	9.18	7.11	7.26
% of UCR Part I violent crimes cleared	43.72%	56.41%	65.14%	66.60%	62.56%
UCR Part I property crimes reported per 1,000 pop	49.78	47.11	50.71	43.05	42.17
% of UCR Part I property crimes cleared	19.00%	23.56%	29.95%	29.85%	29.93%
Injury-producing traffic accidents per 1,000 pop	5.89	5.35	6.03	5.67	6.42
Traffic fatalities per 1,000 population	0.15	0.05	0.06	0.05	0.05
Moving violation citations issued per 1,000 pop	219.08	233.25	176.48	216.00	215.89
DUI arrests per 1,000 population	2.06	2.96	2.75	3.06	3.88
Purchasing					
Dollar amount of purchasing card expenditures	\$ 2,731,400	\$ 4,049,230	\$ 4,370,367	\$ 4,001,232	\$ 3,898,638
Number of purchasing card transactions	15,575	17,008	14,919	13,815	14,971
Average number of days for a formal bid process	45	45	53	53	53
Refuse & Recycling					
Avg # accounts served per on-route hour	139	133	133	138	138
Tons of refuse collected & disposed	20,423	19,720	19,501	19,189	18,274
Tons yard waste collected & composted ²	4,604	8,494	8,481	8,099	7,814
Tons recycling materials collected	4,783	4,693	4,692	5,017	4,890
Complaints per 1,000 accounts	135	93	67	51	48
Utility					
Residential customers - Electric	80,237	82,399	82,668	82,038	81,900
Commercial & industrial - Electric	9,675	10,450	10,461	10,383	10,372
Customers - Natural Gas	33,125	33,777	33,451	33,202	33,208
Customers - Water	67,774	69,784	69,496	68,819	68,952
Customers - Wastewater	60,205	61,552	62,071	61,999	62,164

Sources:

Gainesville Regional Utilities Annual Report; ICMA Center for Performance Measurement.

Note:

¹ GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.

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

² In 2011 the Fire department adapted new reporting software for tracking operational indicators using the 90th percentile. The 90th percentile is the performance baseline that indicates that 90% of the performance occurs below the time stated in

(continued)

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Fire & EMS ³					
Total EMS incidents per 1,000 population served	114.30	118.01	143.92	14.77	147.79
Total Non-EMS incidents per 1,000 population served	23.15	24.74	17.19	17.84	28.34
Total arson incidents per 10,000 population served	1.13	1.29	1.84	1.02	1.02
90 th percentile Turnout Time for Fire Apparatus to EMS Incidents	1:18	1:27	1:34	1:21	1:15
90 th percentile Turnout Time for Fire Apparatus to Building Fires	1:27	1:28	1:41	1:34	1:31
90 th percentile Travel Time for Fire Apparatus to EMS Incidents	7:04	7:47	6:37	6:42	6:50
90 th percentile Travel Time for First Arriving Unit at Building Fires	6:20	6:33	6:24	5:59	5:26
Fleet					
Average age of police vehicles (months)	49	53	49	48	54
Average age of fire apparatus (months)	79	120	128	102	101
Hours billed as a percentage of hours available	82.7%	80.3%	78.0%	83.0%	86.0%
No. of work orders completed - police vehicles	1,362	1,220	1,243	1,159	1,246
No. of work orders completed - fire apparatus	160	174	190	213	217
Total vehicle and heavy equipment work orders	8,243	8,175	9,397	8,262	7,937
Highway and Road Maintenance					
Number of potholes repaired	2,630	2,360	6,094	4,609	1,358
% lane miles assessed as satisfactory or better	73.7%	72.0%	75.0%	74.0%	73.7%
Number of linear miles swept	13,668	14,337	14,337	13,894	13,894
Housing					
# of homes purchased or constructed	26	12	8	14	14
Number of properties rehabilitated	48	40	30	28	13
Number of families served through housing programs	367	344	210	175	164
Police					
Police 911 calls received	137,943	132,229	121,872	157,685	162,375
UCR Part I violent crimes reported per 1,000 pop	7.33	6.37	6.56	6.64	7.00
% of UCR Part I violent crimes cleared	62.22%	64.65%	63.83%	76.44%	66.89%
UCR Part I property crimes reported per 1,000 pop	42.08	40.88	37.70	34.88	38.51
% of UCR Part I property crimes cleared	30.42%	31.19%	31.07%	36.54%	32.63%
Injury-producing traffic accidents per 1,000 pop	6.80	11.21	6.77	14.23	7.63
Traffic fatalities per 1,000 population	0.07	0.02	0.08	0.11	0.12
Moving violation citations issued per 1,000 pop	214.18	208.44	198.72	159.43	117.31
DUI arrests per 1,000 population	2.50	2.93	2.38	2.37	1.40
Purchasing					
Dollar amount of purchasing card expenditures	\$ 4,167,550	\$ 4,450,648	\$ 4,139,136	\$ 4,159,386	\$ 4,491,334
Number of purchasing card transactions	14,917	15,191	14,586	1,588	17,341
Average number of days for a formal bid process	53	53	45	45	45
Refuse & Recycling					
Avg # accounts served per on-route hour	133	133	139	136	134
Tons of refuse collected & disposed	19,856	20,081	20,522	20,827	20,679
Tons yard waste collected & composted ²	8,325	8,576	9,079	9,127	9,886
Tons recycling materials collected	4,795	4,912	5,043	4,809	4,833
Complaints per 1,000 accounts	50	54	119	120	156
Utility					
Residential customers - Electric	82,039	82,440	83,117	83,796	84,069
Commercial & industrial - Electric	10,422	10,467	10,602	10,677	10,726
Customers - Natural Gas	33,264	33,465	33,780	34,152	34,496
Customers - Water	69,329	69,847	70,300	70,903	71,546
Customers - Wastewater	62,536	63,001	63,501	64,121	64,781

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

(concluded)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire & EMS										
Total number of fire apparatus	13	13	13	13	14	14	14	14	15	17
Average age of fire apparatus (in months)	89	81	92	106	107	79	120	128	102	101
Average annual mileage per fire apparatus	8,337	8,839	8,998	13,912	8,345	8,561	8,244	7,819	7,521	7,306
Number of fire stations	7	7	7	7	8	8	8	8	8	9
Fleet										
Light vehicles:										
Number	543	549	347	339	616	574	670	877	1,330	1,330
Number using alternative fuel	4	4	4	4	40	52	136	172	216	301
Average age (in months)	44	52	67	78	73	73	79	86	103	96
Medium-duty vehicles:										
Number	36	36	79	82	68	120	122	127	180	172
Average age (in months)	112	87	91	68	72	91	98	101	103	112
Heavy-duty vehicles:										
Number	48	36	128	107	90	96	46	47	48	58
Average age (in months)	108	101	103	89	103	78	72	88	99	95
Heavy equipment:										
Number	11	11	22	13	14	18	75	90	18	17
Average age (in months)	142	67	132	67	126	121	172	130	149	145
Highway and Road Maintenance										
Total paved lane miles maintained	779	779	764	773	773	777	857	778	789	789
Number of traffic signals (LEDs)	4,275	4,495	7,994	8,042	8,279	8,279	8,279	8,279	8,279	8,279
Parks and Recreation										
Park acres per 1,000 population	19.10	19.24	18.90	20.28	21.56	21.64	21.55	21.34	27.64	27.06
Total park acres	2,321	2,395	2,379	2,681	2,681	2,681	2,681	2,681	3,471	3,481
Recreation/community centers	8	8	8	8	8	8	8	8	8	8
Athletic fields	37	35	35	35	35	36	36	24	24	24
Play structures	93	112	112	98	98	98	98	96	96	96
Tennis courts	23	23	23	23	23	23	23	23	23	23
Basketball courts	24	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	24.7	30.6	31.4	37.4	49.8	50.9	50.9	51.0	52.4	52.4
Police										
Number of police vehicles - marked	223	201	268	210	227	232	222	239	238	250
Average age of police vehicles (in months)	52	56	44	50	46	49	53	49	48	54
Average annual mileage per police vehicle	10,554	6,856	5,311	8,472	9,087	10,783	9,180	9,411	8,396	7,764
Regional Transit System										
Number of buses	107	110	105	105	106	116	123	123	128	128
Number of buses using alternative fuel	2	2	2	3	-	-	-	-	-	-
Average age of buses (in months)	125	118	108	82	88	77	89	98	107	106
Electricity										
Combined system net capability (megawatts)	611	611	611	611	616	610	532	523	525	521
Distribution - overhead (circuit miles)	589	583	580	575	575	568	567	564	562	560
Distribution - underground (circuit miles)	798	814	832	838	849	846	850	852	857	866
Distribution substations	10	10	10	11	11	11	11	11	11	11
Natural Gas										
Distribution mains (miles)	723	731	739	742	747	752	758	766	774	781
Delivery points	6	6	6	6	5	5	6	6	6	6
Water										
FDEP permitted treatment capacity (mgd)	54	54	54	54	54	54	54	54	54	54
Storage capacity (million gallons)	19.5	19.5	19.5	19.5	19.5	18.5	18.5	18.5	18.5	18.5
Consumptive Use Permit (mgd)	29.0	29.0	29.4	29.9	30.0	30.0	30.0	30.0	30.0	30.0
Distribution mains (miles)	1,069	1,095	1,102	1,106	1,115	1,128	1,130	1,139	1,141	1,141
Supply wells	16	16	16	16	16	16	16	16	16	16
Wastewater										
Gravity mains (miles)	568	607	608	612	618	629	630	631	633	636
Force mains (miles)	127	133	137	137	139	139	139	139	140	142
Lift stations	154	165	164	164	164	165	165	165	167	168
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)	301	318	341	351	389	420	449	438	473	513
Maximum bandwidth (2.5 gigabits/second)*10gbs	OC-48	OC-48	OC-48	OC-192	OC-192	OC-192	OC-192*	OC-192*	OC-192*	OC-192*
On-net locations	363	436	463	454	524	503	523	555	577	625

Sources:

Gainesville Regional Utilities Annual Report
ICMA Center for Performance Measurement

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

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have audited the basic financial statements of the City of Gainesville, Florida (the “City”), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 24, 2017. Our report on the basic financial statements included a reference to the report of other auditors who issued separate communications relative to Gainesville Regional Utilities. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

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

- As required by the Rules of the Auditor General, we determined that the annual financial report for the City, for the fiscal year ended September 30, 2016, was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report.
- The scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. We determined that the City has not met one or more of the conditions described in that section that are indicative of a state of financial emergency.
- As required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management’s responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of “deteriorating financial condition” as that term is defined in Rule 10.554.
- The Rules of the Auditor General stipulate that auditors should review the status of prior-audit findings. If the audit findings in the preceding audit report are uncorrected, auditors are required to identify those findings that were also included in the second preceding audit report. In that regard, there are no uncorrected prior audit findings.

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

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

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

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida

March 24, 2017



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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have examined the City of Gainesville's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Gainesville, Florida
March 24, 2017

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, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 24, 2017. Other auditors audited the financial statements of the Utility Fund, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida

March 24, 2017

Schedule of Federal Awards and State Financial Assistance
September 30, 2016
City of Gainesville, FL

Federal Grantor/ Program Title	Federal CFDA NUMBER	Contract/Grant No.	Expenditures	Program Total	Cluster Total	Federal Amount Provided to Subrecipients
<u>DEPARTMENT OF AGRICULTURE FOREST SERVICE</u>						
Passed Through Florida Department of Agriculture and Consumer Services Tree Inventory Data Collection & Improvements	10.664	991-365	595			
<u>DEPARTMENT OF HOMELAND SECURITY</u>						
FEMA FY 2013 Staffing for Adequate Fire and Emergency Response (SAFER) Passed Through DEM via Florida Department of Financial Services	97.083	EMW-2013-FH-00366	461,412			
2014 State Homeland Security Grant Program	97.067	15-DS-P4-03-11-01-407 EMW-2015-SS-00083-501//16-DS-T9-	9,750			
2015 State Homeland Security Grant Program	97.067	03-11-01-388	33,436	43,186		
<u>DEPARTMENT OF THE INTERIOR-U.S. Fish and Wildlife Services Division</u>						
Wildlife Cooperative Extension Agreement	15.631	40181AJ112	25,000			
<u>EXECUTIVE OFFICE OF THE PRESIDENT-OFFICE OF NATIONAL DRUG POLICY</u>						
Passed Through St. Johns County Sheriff Office North Florida HIDTA-Highway Interdiction	95.001	G15/16NF0001A	6,961			
North Florida HIDTA-Cadet Initiative-via Alachua County Sheriff Office	95.001	G15/16NF0001A	17,218	24,179		
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>						
Community Development Block Grant-Entitlement Program	14.218	B-12-15/MC-12-0007	956,188			
HOME Investment Partnership Grant	14.239	M-11-15/MC-12-0206	854,734	1,810,922		
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Federal Equitable Sharing Proceeds	16.922	N/A	256,124			
2012-2014 Internet Crimes Against Children	16.543	2012-MC-FX-K014	19,245			11,930
2015 Internet Crimes Against Children	16.543	2015-MC-FX-K025	353,729	372,973		71,838
OVW FY 15 Grants To Encourage Arrests Policies and Enforcement of Protection Orders	16.590	2015-WE-AX-0033	79,300			73,784
2010 COPS Hiring Program	16.710	2010-UM-WX-0066	315,732			
2013 COPS Hiring Program	16.710	2013-UM-WX-0067	91,190	406,922		
FY 14 JAG	16.738	2014-DJ-BX-0689	14,908			14,694
Edward Byrne Memorial Justice Assistance -FY15 Passed Through Florida Department of Law Enforcement:	16.738	2015-DJ-BX-1035	29,500			
2015 Problem Oriented Policing	16.738	2015-JAGC-ALAC-7-R3-112	774			
Drug/Firearms K-9 Awareness Program	16.738	2015-JAGC-ALAC-4-R3-113	2,406			
BOLD	16.738	2016-JAGC-ALAC-6-H3-037	7,050			
2016 Problem Oriented Policing	16.738	2016-JAGC-ALAC-5-H3-030	8,224			
2016 Youth Gang Prevention	16.738	2016-JAGC-ALAC-7-H3-005	4,489			
2016 Sexual Offender and Predator Tracking	16.738	2016-JAGC-ALAC-12-H3-103	2,959	70,312		
Passed Through The Center for Children's Law of Policy Racial and Ethnic Disparities Project	16.541	2011-JF-FX-0014	1,886			
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
FY11 SGR Facility Expansion	20.500	FL-04-0126	27,129			
FY11 Livability Grant	20.500	FL-04-0150	16,382			
FY12 State of Good Repair	20.500	FL-04-0175	1,019,835	1,063,345		
FY10 Urbanized Area Formula Grant	20.507	FL-90-X737	9,655			
FY11 Urbanized Area Formula Grant	20.507	FL-90-X763	70,222			
FY12 Urbanized Area Formula Grant	20.507	FL-90-X798	92,134			
FY13 Urbanized Area Formula Grant	20.507	FL-90-X824	143,170			
FY15 Urbanized Area Formula Grant	20.507	FL-90-X889	847,700			
FY16 Urbanized Area Formula Grant	20.507	FL-2016-026-00	1,800,000	2,962,881		
Passed Through Florida Department of Transportation						
FY 14/15 Sec. 5339	20.526	G0025/437536-1-94-15	516,540		4,542,766	
FY 15/16 Sec. 5311 Grant	20.509	G0862/427250-1-84-16	211,994			
FY 12/13 Sec. 5310 Operating Assistance	20.513	ARH23/435864-1-84-01	10,988			
FY 14/15 Sec. 5310	20.513	ART89/435864-1-84-02	11,830			
NOGA Sec. 5310	20.513	FL-16-X009	897			
NOGA Sec. 5310	20.513	FL-16-X023	63,917	87,633		
FY2011-Clean Fuels	20.519	FL-58-0002	848,782			
GPD Speed and Aggressive Driving Grant	20.600	SC-16-13-02/G0524	37,142			
Motorcycle/Scooter Safety and Education Program	20.600	MC-16-10-07/G0776	23,696	60,837		
Safe Gator Program	20.616	MSHVE-16-06-05/G0457	2,747		63,585	
Passed Through NHTSA via Western Michigan University Passed Through Florida Department of Environmental Protection LAP-PD&E Study SW 62nd Blvd/4-Lane Arterial Connector	20.205	211365-6-28-01-03	257,819			
TOTAL EXPENDITURES OF FEDERAL AWARDS			9,565,389			172,246

**Schedule of Federal Awards and State Financial Assistance
September 30, 2016
City of Gainesville, FL**

<u>State Grantor/ Program Title</u>	<u>State CSFA NUMBER</u>	<u>Contract/Grant No.</u>	<u>Expenditures</u>	<u>Program Total</u>
<u>FLORIDA HOUSING FINANCE CORPORATION</u>				
SHIP 2014/2015	40.901	N/A	93,375	
SHIP 2015/2016	40.901	N/A	23,308	116,683
<u>DEPARTMENT OF CHILDREN AND FAMILY SERVICES</u>				
Empowerment Center-Human Services Campus	60.132	DCF15160300	300,000	
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Pass through SJRWMD Groundwater Recharge Wetland Construction in Gainesville Florida	37.052	50811/28144	12,000	
<u>DEPARTMENT OF HEALTH</u>				
Pass through Alachua County EMS- Pass through from County	64.005	C3001	37,413	
<u>DEPARTMENT OF STATE</u>				
Division of Cultural Affairs General Program Support	45.061	16.6.500.229	66,580	
Division of Cultural Affairs General Program Support	45.061	17.6.500.229	7,462	74,042
Lake Kanapaha/Hogtown Prairie Archaeological Site Condition	45.031	S1616	6,625	
<u>DEPARTMENT OF TRANSPORTATION</u>				
County Incentive Grant Program	55.008	426044-1-58-01	783,523	
FY15/16 Block Grant	55.010	G0886/ 411757-1-84-16	1,830,185	
FY12-14 Service Development Funds- Route 46, Yr. 3	55.012	AQC93/430328-1-84-15	5,061	
FY15/16 Service Development Funds - Route 76 Yr. 3	55.012	AQT70/43216-1-84-16	35,619	
FY13/14 Service Development Funds - Route 77 Yrs. 1& 2	55.012	ARA53/430962-1-84-14	14,199	
FY14/15 Service Development Funds - Route 77 Yr. 3	55.012	ARN05/435124-1-84-15	5,030	
FY14/15 Route 41 & 46 Yr. 2	55.012	ARN06/433077-1-84-15	56,872	
FY14/15-15/16 Route 2 & 24 Yrs.2 & 3	55.012	ARN03/435123-1-84-15/16	142,117	
FY14/15 Route 27 Yr.2	55.012	ARN04/435123-1-84-15	22,130	
FY15/16 Route 37 Yr.1	55.012	G0636/437363-1-84-16	66,528	
FY15/16 Route 40 Yr.1	55.012	G0637/437364-1-84-16	64,419	
FY14/15 Bus Pass Program Yr.3	55.012	AQT98/432768-1-84-15	6,662	
FY15/16 Bus Stop Amenities	55.012	G0635/437362-1-94-16	10,982	429,620
FY11/12 Bus Stop Amenities	55.013	AQE90/427681-1-84-12	7,319	
Transportation Regional Incentive Program	55.026	423306-1-58-01 & 423306-3-58-01	1,078,874	
TOTAL EXPENDITURES OF STATE AWARDS			4,676,284	

**Notes to the Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2016
City of Gainesville, Florida**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Gainesville, Florida and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization; 2CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; and the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule is prepared using the modified accrual basis of accounting.

Note 2. Sub recipients

The City provided federal awards to sub recipients as follows:

	Federal CFDA		
2012 & 2015 Internet Crimes Against Children	16.543	\$	83,768
Sub recipients:			
Bay County Sheriff's Office			
Brevard County Sheriff's Office			
Daytona Beach Police Department			
Escambia County Sheriffs Office			
Child Advocacy Center -Gainesville			
Florida Department of Law Enforcement			
Jacksonville Sheriff's Office			
Okaloosa County Sheriff's Office			
Pensacola Police Department			
St Johns County Sherriff's Office			
Task Force Affiliates			
Volusia County Sheriff's Office			
Walton County Sheriff's Office			
7th Judicial Circuit			
14 the Judicial Circuit			
OVW FY 15 Grant	16.590	\$	73,784
Sub recipients:			
Alachua County Board of County Commissioners			
Black on Black Crime Task Force			
FY 14 JAG Grant	16.738	\$	14,694
Sub recipients:			
Alachua County Sheriff Office			

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and City Commissioners
City of Gainesville, Florida

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

We have audited the City of Gainesville, Florida's (the "City") compliance with the types of compliance requirements described in *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, 2016. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of Chapter 10.550, Rules of the Auditor General. Those standards, The Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and 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, 2016.

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 City's internal control over compliance.

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

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

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2017, which contained unmodified opinions on those financial statements. Our report on the basic financial statements included a reference to the report of other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that

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

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

Gainesville, Florida
March 24, 2017

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2016
City of Gainesville, Florida**

Part I – Summary of Auditor’s Results

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

<u>Federal Programs</u>	<u>CFDA No.</u>
Federal Transit Cluster	20.500, 20.507 & 20.526
Clean Fuels	20.519
<u>State Projects</u>	<u>CSFA No.</u>
Public Transit Block Grant Program	55.010
Transportation Regional Incentive Program	55.026
Correctional Institution Homeless Shelter	60.132
8. A threshold of \$750,000 was used to distinguish between Type A and Type B programs for federal programs and \$300,000 was used for state projects.
9. The City qualified as a low-risk auditee as that term is defined in the Uniform Guidance

Part II – Financial Statement Findings

No matters are reportable.

Part III – Findings and Questioned Costs – Federal Programs

No matters are reportable.

Part IV – Findings and Questioned Costs – State Projects

No matters are reportable.



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Schedule of and Response to Prior Year Audit Findings

We are pleased to report that in connection with our September 30, 2015 financial statement audit and single audit, our external auditors listed no findings. Therefore, there was no plan required for corrective action and no discussion of current status is necessary.

Response to Current Year Audit Findings and Corrective Action Plan

We are pleased to report that in connection with our September 30, 2016 financial statement audit and single audit, our external auditors listed no findings. Therefore, there is currently no plan required for corrective action.

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

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

To the Honorable Mayor and City Commissioners
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gainesville Regional Utilities (the Utility) of the City of Gainesville, Florida (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements and have issued our report thereon dated March 6, 2017.

Internal Control over Financial Reporting

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

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

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

To the Honorable Mayor and City Commissioners
Gainesville, Florida

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

Compliance and Other Matters

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

Purpose of this Report

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

March 6, 2017
Gainesville, Florida

