

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
City of Gainesville, Florida
Year Ended September 30, 2003**

**Prepared By
The Finance Department**

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS

<i>Thomas D. Bussing</i>	<i>Mayor-Commissioner</i>
<i>Charles Chestnut IV</i>	<i>Mayor-Commissioner Pro-Tem</i>
<i>Edward Braddy</i>	<i>Commissioner</i>
<i>Rick Bryant</i>	<i>Commissioner</i>
<i>Tony Domenech</i>	<i>Commissioner</i>
<i>Craig Lowe</i>	<i>Commissioner</i>
<i>Warren Nielsen</i>	<i>Commissioner</i>

APPOINTED OFFICIALS

<i>Wayne Bowers</i>	<i>City Manager</i>
<i>Michael L. Kurtz</i>	<i>General Manager for Utilities</i>
<i>Marion Radson</i>	<i>City Attorney</i>
<i>Kurt M. Lannon</i>	<i>Clerk of the Commission</i>
<i>Alan Ash</i>	<i>City Auditor</i>
<i>Jimmie Williams</i>	<i>Equal Opportunity Director</i>

FINANCE PROGRAM STAFF

<i>Mark S. Benton</i>	<i>Finance Director</i>
<i>Nancy Pollard</i>	<i>Accounting Manager</i>
<i>Daniel Smierciak</i>	<i>Accounting Supervisor</i>
<i>Kathy Branam</i>	<i>Property Control Specialist, Sr.</i>
<i>Maureen Rischitelli</i>	<i>Grant Fiscal Coordinator</i>
<i>Sandra Ogle</i>	<i>Accountant II</i>
<i>Richard Romans</i>	<i>Accountant II</i>
<i>Lynn Thigpen</i>	<i>Account Clerk, Sr.</i>
<i>Ronda Carney</i>	<i>Account Clerk II</i>
<i>Belinda Tenney</i>	<i>Account Clerk II</i>
<i>Karen Ward</i>	<i>Account Clerk I</i>

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS

<i>Thomas D. Bussing</i>	<i>Mayor-Commissioner</i>
<i>Charles Chestnut IV</i>	<i>Mayor-Commissioner Pro-Tem</i>
<i>Edward Braddy</i>	<i>Commissioner</i>
<i>Rick Bryant</i>	<i>Commissioner</i>
<i>Tony Domenech</i>	<i>Commissioner</i>
<i>Craig Lowe</i>	<i>Commissioner</i>
<i>Warren Nielsen</i>	<i>Commissioner</i>

APPOINTED OFFICIALS

<i>Wayne Bowers</i>	<i>City Manager</i>
<i>Michael L. Kurtz</i>	<i>General Manager for Utilities</i>
<i>Marion Radson</i>	<i>City Attorney</i>
<i>Kurt M. Lannon</i>	<i>Clerk of the Commission</i>
<i>Alan Ash</i>	<i>City Auditor</i>
<i>Jimmie Williams</i>	<i>Equal Opportunity Director</i>

FINANCE PROGRAM STAFF

<i>Mark S. Benton</i>	<i>Finance Director</i>
<i>Nancy Pollard</i>	<i>Accounting Manager</i>
<i>Daniel Smierciak</i>	<i>Accounting Supervisor</i>
<i>Kathy Branam</i>	<i>Property Control Specialist, Sr.</i>
<i>Maureen Rischitelli</i>	<i>Grant Fiscal Coordinator</i>
<i>Sandra Ogle</i>	<i>Accountant II</i>
<i>Richard Romans</i>	<i>Accountant II</i>
<i>Lynn Thigpen</i>	<i>Account Clerk, Sr.</i>
<i>Ronda Carney</i>	<i>Account Clerk II</i>
<i>Belinda Tenney</i>	<i>Account Clerk II</i>
<i>Karen Ward</i>	<i>Account Clerk I</i>

TABLE OF CONTENTS

INTRODUCTORY SECTION

TABLE OF CONTENTS	i-v
LETTER OF TRANSMITTAL	
Profile of the City	vi
Factors Affecting Financial Condition	vii
Cash Management Policies and Practices	viii
Risk Management	ix
Pension and Other Post-Employment Benefits	ix
Acknowledgements	x
Certificates of Achievement	xi
Organizational Chart	xii

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	AUD-1
MANAGEMENT'S DISCUSSION AND ANALYSIS	MDA-1
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Assets - Proprietary Funds	7
Reconciliation of the Statement of Net Assets of Proprietary Funds to the Statement of Net Assets	8

TABLE OF CONTENTS (continued)

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	9
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities	10
Statement of Cash Flows - Proprietary Funds	11-12
Statement of Fiduciary Net Assets - Fiduciary Funds	13
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	14
Notes to Financial Statements	15-41
 REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues and Expenditures - Budget and Actual - General Fund	42
Notes to Schedule of Revenues and Expenditures - Budget and Actual - General Fund	43
Schedule of Funding Progress - Employees' Pension Plan	44
Schedule of Funding Progress - Consolidated Pension Plan	45
Notes to Schedules of Funding Progress	46
 SUPPLEMENTAL INFORMATION:	
Combining Balance Sheet - Nonmajor Governmental Funds	47-55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	56-64
Schedule of Revenues and Expenditures - Budget and Actual:	
Community Development Block Grant Fund	65
Urban Development Action Grant Fund	66
Home Grant Fund	67
Miscellaneous Gifts and Grants Fund	68
Cultural and Nature Projects Fund	69
State Law Enforcement Contraband Forfeiture Fund	70
Federal Law Enforcement Contraband Forfeiture Fund	71
Street, Sidewalk and Ditch Improvement Fund	72

TABLE OF CONTENTS (continued)

Economic Development Fund	73
Transportation Concurrency Exception Area Fund	74
Recreation Fund	75
Miscellaneous Special Revenue Fund	76
Tourist Destination Enhancement Fund	77
Evergreen Cemetery Trust Fund	78
Thomas Center Fund	79
Fifth Avenue Tax Increment Fund	80
Downtown Redevelopment Tax Increment Fund	81
College Park Tax Increment Fund	82
Eastside Tax Increment Fund	83
Art in Public Places Trust Fund	84
School Crossing Guard Trust Fund	85
FFGFC Fund - Series 1992	86
FFGFC Fund - Series 1996	87
FFGFC Fund - Series 1998	88
FFGFC Fund - Series 2001	89
FFGFC Fund - Series 2002	90
Guaranteed Entitlement Revenue and Refunding Bonds, 1994 Fund	91
Pension Obligation Bond Series 2003A	92
Pension Obligation Bond Series 2003B	93
CRA Promissory Notes Fund	94
Combining Statement of Net Assets - Nonmajor Enterprise Funds	95-96
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds	97
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	98-99
Combining Statement of Net Assets - Internal Service Funds	100
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	101
Combining Statement of Cash Flows - Internal Service Funds	102-103
Combining Statement of Fiduciary Net Assets - Pension Trust Funds	104
Combining Statement of Changes in Fiduciary Net Assets - Pension Trust Funds	105
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	106
Schedule by Function and Activity	107
Schedule of Changes by Function and Activity	108

TABLE OF CONTENTS (continued)

STATISTICAL SECTION

REVENUES AND EXPENDITURES

Government Wide Revenues and Expenses	109
History of General Fund Sources and Uses of Funds	110
Per Capita General Fund Revenues and Expenditures - Historical and Constant Dollar Amounts	111
Ratio of General Fund Surplus (Deficit) to Total Revenues	112

TAXES AND ASSESSMENTS

History of Local Valorem Tax Rates and Tax Levies	113
History of Property Values and Property Assessments	114
History of Local Ad Valorem Tax Collections	115
History of Property Tax Levies Compared with Collections	116
History of Property Tax Rates and Tax Levies - All Direct & Overlapping Governments Applicable to the City of Gainesville	117
History of Special Assessments Collections	118

DEBT

Legal Debt Margin and Ratio of City's Gross Bonded Debt to Taxable Value and Bonded Debt Per Capita	119
Statement of Direct and Overlapping Bonded Debt	120
Ratio of Annual General Obligation Bonds Debt Service Expenditures to Total General Fund Sources and Uses	121
Schedule of Guaranteed Entitlement Revenue Debt Service Bond Coverage Ratio	122
Ratio of Annual Total Debt Service Expenditures to Total General Fund Sources and Uses	123
Schedule of Utility Revenue Debt Service Coverage Ratio	124

TABLE OF CONTENTS (continued)

ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

Form of Government	125
Public Safety Personnel	125
Educational Facilities	126
Transportation	127
General Demographics - Population, Building Permits, Value of Construction, Bank Deposit and Telephone Service	128
Medical Facilities	128
Unemployment Rate History	129
Ten Largest Employers	129
Principal Taxpayers	130
Trends in Sales of Utilities Services	131
Cultural and Recreational Activities	132

SINGLE AUDIT SECTION

Management Letter	133-134
Independent Auditors Reports on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	135-136
Schedule of Expenditures of Federal Awards and State Financial Assistance	137-138
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	139
Independent Auditors Reports on Compliance and on Internal Control over Compliance Applicable to Each Major Federal Awards Program and State Financial Assistance Project	140-142
Schedule of Findings and Questioned Costs	143-144
Schedule of Prior Year Findings and Schedule of Current Year Findings and Corrective Action Plan	145-147
Management Letter for Gainesville Regional Utilities	148-150



CITY OF GAINESVILLE

Office of the City Manager

March 24, 2004

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

Dear Mayor, Commissioners, and Citizens:

It is our pleasure to submit this *Comprehensive Annual Financial Report* for the City of Gainesville, Florida for the fiscal year ended September 30, 2003. The report fulfills the requirements set forth in the *City Code of Ordinances*, Section 2-433; *Florida Statutes*, Section 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 of Gainesville, 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 Davis, Monk and Company and Ernst & Young. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2003, 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 unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2003, 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 mandated "Single Audit" designed to meet the special needs of federal 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 awards.

P.O. Box 490 • Gainesville, FL 32602-0490
(352) 334-5010 • FAX (352) 334-3119

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 county seat of Alachua County, and 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 54 square miles of land included within the corporate boundaries of the City. As of September 30, 2003, the most recent official population estimate was 117,182.

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 over 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, Equal Opportunity Director, and Clerk of the Commission. As charter officers, these six officials are charged with the enforcement of all ordinances and resolutions passed by the Commission. They accomplish this task through the selection and supervision of assistants, department heads and other employees.

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

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

Internal support services include the following:

- **accounting**
- **accounts payable**
- **affirmative action**
- **billing & collections**
- **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**
- **payroll**
- **property control**
- **purchasing**
- **risk management**

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 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 which 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*, *special revenue funds* and *debt service funds*. *Capital projects 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 in order to reserve the encumbered portion of the appropriation. Encumbrances outstanding at year end are reported as reservations of fund balance and are reappropriated as part of the following year's budget.

Factors Affecting 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 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 remains a low 2.48% and enrollment at the University of Florida, the engine for the area's economy, continues to grow, with a 2003 enrollment of 47,858.

Long-term financial planning. Both general government and the city-owned utility develop multi-year financial forecasts, including capital improvement plans. Some of the key projects in these capital improvement plans are:

- Development of plans for an Eastside Service Center for the electric utility operation
- Construction of a multi-modal transit center
- Construction of a 24 inch water line to bring reclaimed water from the Main Street Wastewater Plant to the Depot Avenue Stormwater Park
- Completion of the construction of a Community Center at Cone Park - the park is the product of a public-private partnership between the City, County, and private citizens in the construction of a recreational facility in east Gainesville
- Construction of a parking garage to serve the new County Courthouse and the downtown area

On March 14, 2003 the City issued Taxable Pension Obligation Bonds, Series 2003A and 2003B. The proceeds of this \$89,894,759 issue were utilized to retire the unfunded actuarial accrued liability (UAAL) in the City's two defined benefit pension plans – the General Employees' Pension Plan and the Consolidated Police Officers' and Firefighters' Pension Plan. The net interest cost on the issue was 5.61%. The proceeds retired liabilities with carrying costs of 9.25% in the General Employees Plan (\$38,634,133)

and 8.50% in the Consolidated Police Officers' and Firefighters' Plan (\$46,919,566). The projected gross savings to the City when comparing the debt service on the bonds to the estimated amortization payments on the UAAL over the life of the issue exceeded \$77,800,000. This equated to a present value savings of just under \$33,600,000.

Cash management policies and practices. It is the City's intention to earn a competitive yield on its portfolio consistent with its primary function of safeguarding public assets by minimizing credit and market risks. To that end, City investments are guided by an investment ordinance and a detailed administrative policy as explained in **Note 1(D)** of the *Notes to the Financial Statements*. Cash temporarily idle during the year was invested in certificates of deposit, instruments issued by agencies of the United States of America, corporate notes, and repurchase agreements. In keeping with City policy, approximately 99% of the carrying value of the City's portfolio is held in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. The yield on investments was just over 4% percent for the City's operating portfolio, 20.4% for the General Employees' Pension Plan, and 22.9% for the Consolidated Police Officers' and Firefighters' Pension Plan. The different rate of return for the pension funds as opposed to the City's operating portfolio is attributable to the fact that the pension funds asset allocation is 70% equities and 30% fixed income investments.

Risk management. The City, through its Risk Management Department, administers a City-wide insurance program. This function covers responsibility for a loss-control program which includes:

- Analyzing City exposure to any existing or potential risk;
- Examining available options of treating such risks and determining required courses of action;
- Implementing approved safety programs; and
- Participating in and interpreting legislation which deals with insurance issues impacting the City.

The City is self-insured for workers' compensation, auto, general and professional liability. Third-party coverage is maintained for workers' compensation claims in excess of **\$350,000** for general employees and police and fire personnel. These activities, among other things, are reported in the *General Insurance Fund* which is an *Internal Service Fund*.

In addition, the City administers its own Group Self-Insurance Health Care Program through its Risk Management Department. The City employs an external claims administrator for an annually contracted amount based upon the number of City employees. The Stop-loss insurance is maintained per each individual is at the **\$150,000** level.

Pension and other postemployment benefits. The City provides three pension plans for its employees:
(1) **Consolidated Police Officers' and Firefighters' Retirement Plan (Consolidated Plan)**
(2) **General Employees' Pension Plan (Employees' Plan)**
(3) **Defined Contribution Pension Plan**

The *Employees' Plan* and the *Consolidated Plan* are contributory defined benefit plans whose assets are maintained in separate investment pools. Each plan has a separate Board of Trustees. Plan administration and investment management responsibility rests with these Boards. The Consolidated Board employs six investment managers, four of which invest in domestic equity securities, one who invests in international equity securities and the other in fixed income securities. At September 30, 2003, the fair value of *Consolidated Plan* assets was **\$133,544,397**.

The **Employees' Plan** has nine investment managers, five of whom invest in domestic equity securities, two who invest in international equity securities, and two others whom invest in fixed income securities. At September 30, 2003, the fair value of the *Employees' Plan* assets was approximately **\$212,570,949**.

Investment managers are selected and retained for both plans based upon proven investment performance superior to standard indices.

The *Defined Contribution Pension Plan* is qualified under the provisions of Section 401(a) of the Internal Revenue Code. Under the provisions of this Plan, the City contributes an amount equal to 10% of the employees' gross pay, and employees contribute 5%. These contributions are submitted to external

retirement corporations that are responsible for management of the investments as directed by the employee. At September 30, 2003, the value of the assets approximated \$6,182,183.

The City also provides certain health care insurance benefits for retired employees, and permits retired employees to participate in the life insurance program as well. As of the end of the fiscal year, 639 retirees participated in the health insurance program, which is funded on an actuarial basis.

Additional information on the City's pension arrangements and postemployment benefits can be found in **Note 2 and Note 11** to the financial statements.

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, 2002. 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 annual appropriated budget dated October 1, 2002. 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 organizations to receive recognition by the Government Finance Officers Association for its 1990 Popular 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 daily maintain the financial records upon which this report is based. Special recognition is given to the employees of the Finance Department who worked diligently to ensure the timeliness and accuracy of the report.

Respectfully submitted,



Wayne Bowers
City Manager



Glenda T. Currie
Administrative Services Director



Mark S. Benton
Finance Director



Nancy C. Pollard, C.P.A.
Accounting Manager

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, 2002

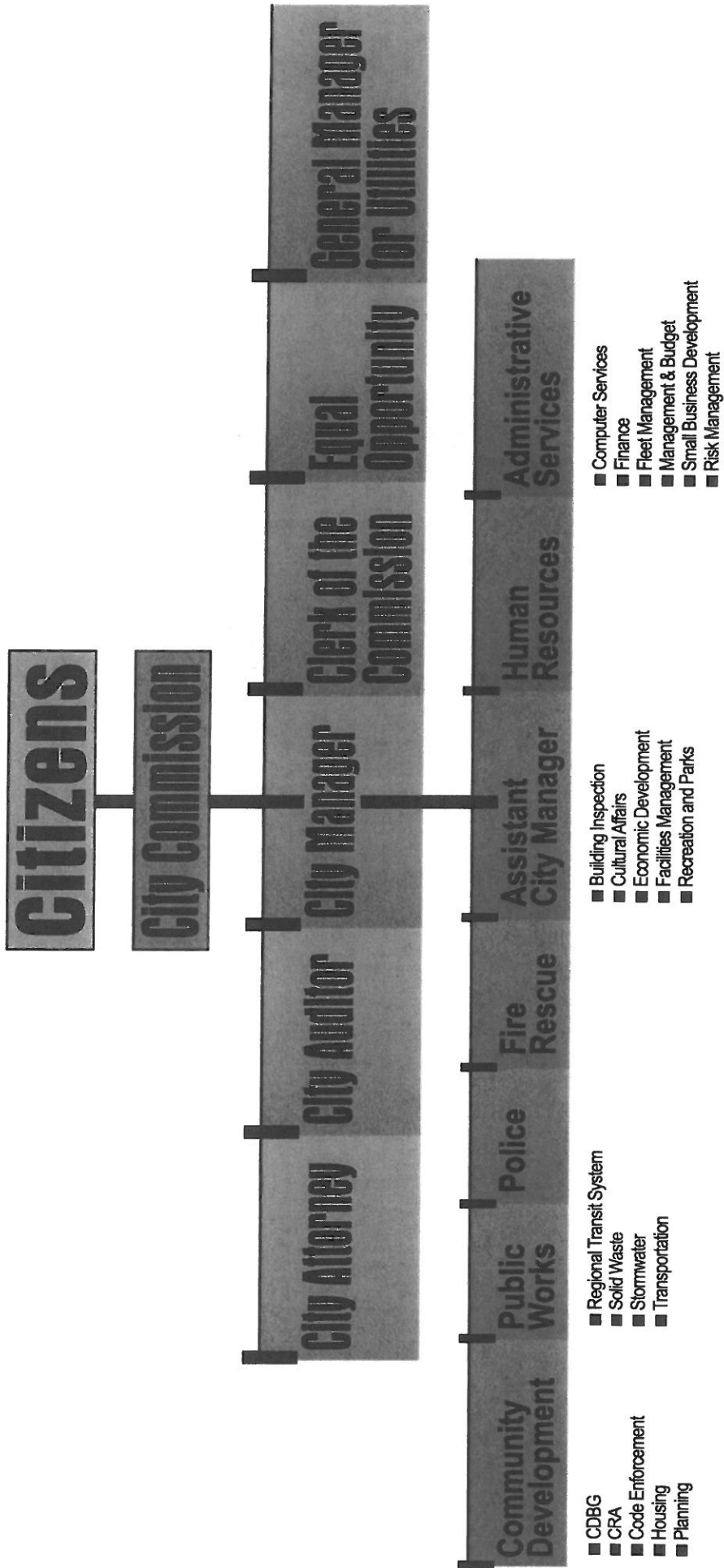
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



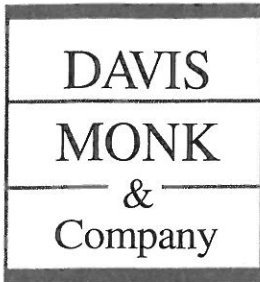
President

Executive Director

City of Gainesville Organizational Chart



INDEPENDENT AUDITORS' REPORT



Certified Public Accountants
& Business Consultants

*A Partnership Consisting of
Professional Associations*

Mailing address:

P.O. Box 13494
Gainesville, Florida 32604

Location:

4010 N.W. 25th Place
Gainesville, Florida 32606

Phone:

(352) 372-6300
(800) 344-5034

Fax:

(352) 375-1583

Website:

www.davismonk.com

Honorable Mayor and City Commissioners
City of Gainesville, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Gainesville, Florida (the "City"), as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Utility Fund, a major fund, which represent 97 percent and 90 percent, respectively, of the assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Utility Fund, are based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members:

CPAmerica International

Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath
International

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

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

A handwritten signature in cursive script that reads "Davis, Mark & Company". The signature is written in dark ink and is positioned above the date and location text.

December 23, 2003
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gainesville (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2003. Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi - xii of this report, and the City's financial statements which begin on page 1.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$482,821,940 (*net assets*). Of this amount, \$47,281,872 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$57,219,964. This change was driven by a retroactive application of a change in accounting policy for the rate stabilization account in the Utility Fund. The result of the retroactive application of this change was a reduction in FY03 beginning net assets of \$75,434,820. Controlling for this change, the City's net assets increased in FY03 by \$18,214,856.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$42,859,369, an increase of \$761,887 in comparison with the prior year. Of this total amount, \$23,493,390 is available for spending at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, the unreserved fund balance in the General Fund was \$98,216.
- The City's total bonded debt increased by \$108,843,759, or 22.5% during the current fiscal year. In addition to the scheduled pay down of existing debt, the prominent components of this change were the issuance of:

Utility System Revenue Bonds, Series 2003C	\$115,925,000
Taxable Pension Obligation Bonds, Series 2003B	49,851,806
Taxable Pension Obligation Bonds, Series 2003A	40,042,953
Utility System Revenue Bonds, Series 2003A	33,000,000
Utility System Revenue Bonds, Series 2003B	7,625,000

Also, a refunding of the Utility System Revenue Bonds, Series 1993B, in the amount of \$108,265,000 was completed during FY03.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decrease in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the city's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., 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, and mass transit.

The government-wide financial statements include not only the City itself, but also as legally separate enterprise zone development agency, and a legally separate redevelopment agency for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-2 of this report.

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

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

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

The City maintains forty 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 thirty-nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains five enterprise funds to account for the following operations: electric power

generation, transmission and distribution, natural gas distribution, water and wastewater treatment, telecommunications, refuse collection, golf course, stormwater management, 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 four internal service funds to account for fleet management operations, general insurance, employee, and retiree health insurance programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 four proprietary funds are combined into a single, aggregated presentation. The four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds as well as for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 7-12 of this report.

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

The basic fiduciary fund financial statements can be found on pages 13-14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-41 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 benefits to its employees. Required supplementary information can be found on pages 42-46 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 and capital asset schedules can be found on pages 47-108 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$482,821,940 at the close of the most recent fiscal year.

Approximately 68% of the City's net assets reflect its investment in capital assets (e.g., land, utility plant and equipment, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Gainesville's Net Assets

	Governmental		Business-type		Total	
	Activities		activities			
	FY03	FY02	FY03	FY02	FY03	FY02
Current and other assets	\$ 155,096,811	\$ 65,481,927	\$ 429,050,735	\$ 435,941,031	\$ 584,147,546	\$ 501,422,958
Capital assets	97,442,123	93,549,869	702,723,007	674,893,496	800,165,130	768,443,365
Total assets	252,538,934	159,031,796	1,131,773,742	1,110,834,527	1,384,312,676	1,269,866,323
Long-term liabilities						
outstanding	129,419,632	41,696,789	452,689,486	421,413,332	582,109,118	463,110,121
Other liabilities	13,325,271	14,664,418	306,056,348	252,049,880	319,381,619	266,714,298
Total liabilities	142,744,903	56,361,207	758,745,834	673,463,212	901,490,737	729,824,419
Net assets:						
Invested in capital assets,						
net of related debt	47,854,313	65,937,740	281,117,024	267,998,636	328,971,337	333,936,376
Restricted	22,754,050	19,881,956	83,814,681	164,091,715	106,568,731	183,973,671
Unrestricted	39,185,669	16,850,893	8,096,203	5,280,964	47,281,872	22,131,857
Total net assets	\$ 109,794,032	\$ 102,670,589	\$ 373,027,908	\$ 437,371,315	\$ 482,821,940	\$ 540,041,904

An additional portion of the City's net assets (\$106,568,731 or 22 %) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$47,281,872) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

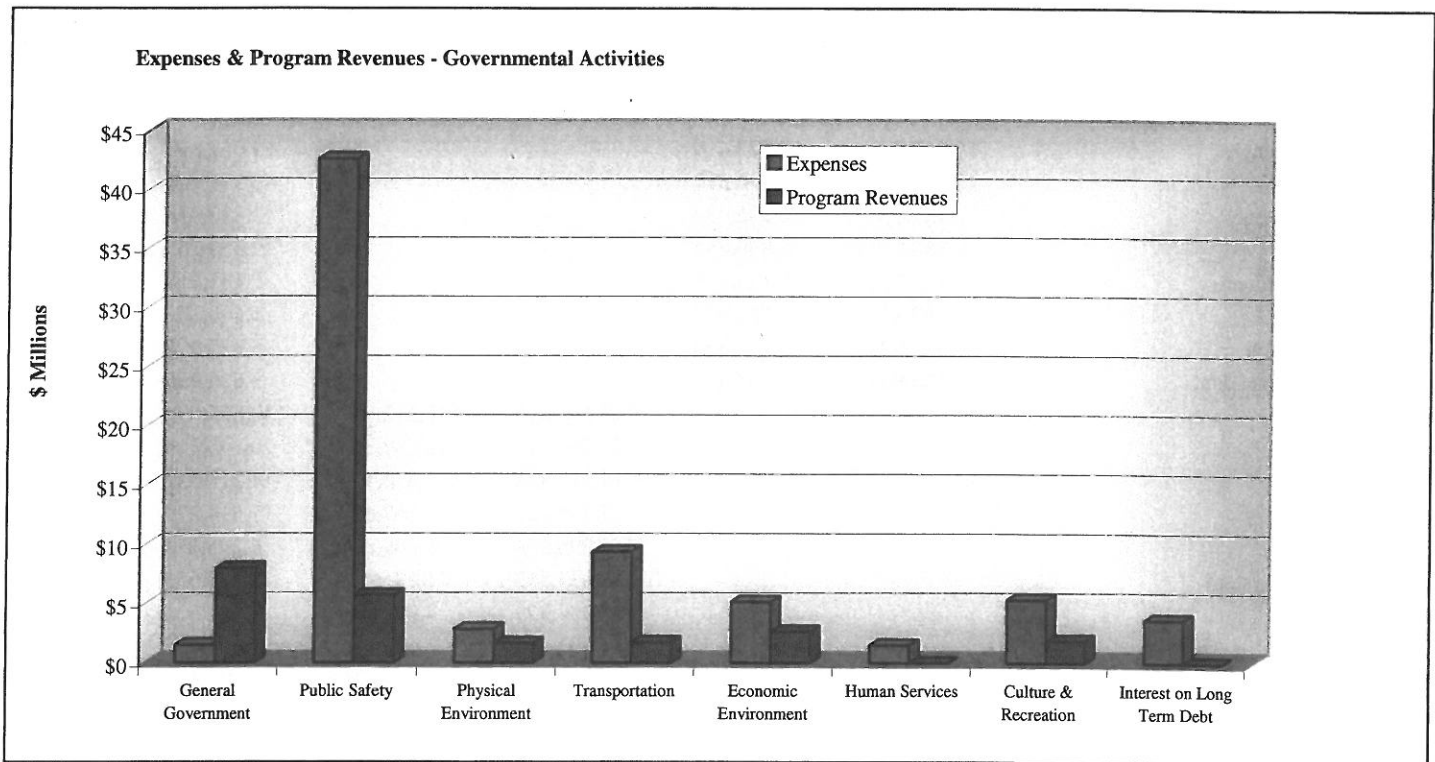
The City's net assets decreased by \$57,219,964 during the current fiscal year. This change was driven by a retroactive application of a change in accounting policy for the rate stabilization account in the Utility Fund. The result of the retroactive application of this change was a reduction in FY03 beginning net assets in the Utility Fund of \$75,434,820. Controlling for this change, the City's net assets increased in FY03 by \$18,214,856. The majority of this increase is due to two factors. First, the degree to which ongoing revenues exceeded increases in ongoing expenses, primarily related to the electric power generation, transmission and distribution operation. Second was the receipt of approximately \$5 million in federal law enforcement contraband forfeiture revenue during the fiscal year.

City of Gainesville Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	FY03	FY02	FY03	FY02	FY03	FY02
Revenues:						
Program revenues:						
Charges for services	\$ 11,863,349	\$ 10,267,204	\$ 229,449,766	\$ 214,225,840	\$ 241,313,115	\$ 224,493,044
Operating grants and contributions	4,681,010	5,301,805	4,968,210	4,710,372	9,649,220	10,012,177
Capital grants and contributions	4,971,251	3,193,076	5,953,321	9,350,464	10,924,572	12,543,540
General Revenues:						
Property taxes	16,341,921	13,713,591	-	-	16,341,921	13,713,591
Other taxes	17,738,773	16,189,171	-	-	17,738,773	16,189,171
State revenue sharing	2,825,141	2,809,984	-	-	2,825,141	2,809,984
Interest	1,634,773	1,640,420	6,468,299	7,507,294	8,103,072	9,147,714
Other revenues	6,097,543	1,764,678	13,945,313	5,503,668	20,042,856	7,268,346
Total revenues	66,153,761	54,879,929	260,784,909	241,297,638	326,938,670	296,177,567
Expenses:						
General Government	15,061,813	17,122,419	-	-	15,061,813	17,122,419
Public Safety	42,574,106	39,240,517	-	-	42,574,106	39,240,517
Physical environment	2,832,078	4,036,034	-	-	2,832,078	4,036,034
Transportation	9,358,165	8,846,755	-	-	9,358,165	8,846,755
Economic environment	5,135,218	3,127,631	-	-	5,135,218	3,127,631
Human services	1,490,131	256,864	-	-	1,490,131	256,864
Culture & recreation	5,317,908	4,247,853	-	-	5,317,908	4,247,853
Interest on long-term debt	3,626,965	1,668,424	-	-	3,626,965	1,668,424
Electric	-	-	140,555,094	131,212,687	140,555,094	131,212,687
Gas	-	-	20,745,014	14,287,385	20,745,014	14,287,385
Water	-	-	14,213,832	13,874,410	14,213,832	13,874,410
Wastewater	-	-	17,514,229	17,157,698	17,514,229	17,157,698
GRUCom	-	-	6,296,174	6,549,990	6,296,174	6,549,990
Regional Transit System	-	-	12,833,553	11,636,440	12,833,553	11,636,440
Stormwater	-	-	3,934,824	4,031,510	3,934,824	4,031,510
Ironwood	-	-	1,531,655	1,542,185	1,531,655	1,542,185
Solid waste	-	-	5,703,055	5,204,119	5,703,055	5,204,119
Total expenses	85,396,384	78,546,497	223,327,430	205,496,424	308,723,814	284,042,921
Increase in net assets before transfers	(19,242,623)	(23,666,568)	37,457,479	35,801,214	18,214,856	12,134,646
Transfers	26,366,066	26,120,794	(26,366,066)	(26,120,794)	-	-
Increase in net assets	7,123,443	2,454,226	11,091,413	9,680,420	18,214,856	12,134,646
Net assets - 10/1/02	102,670,589	100,216,363	437,371,315	427,690,895	\$ 540,041,904	\$ 527,907,258
Prior Period Adjustment	-	-	(75,434,820)	-	\$ (75,434,820)	\$ -
Net assets - 10/1/02, as restated	102,670,589	100,216,363	361,936,495	427,690,895	464,607,084	527,907,258
Net assets - 9/30/03	\$ 109,794,032	\$ 102,670,589	\$ 373,027,908	\$ 437,371,315	\$ 482,821,940	\$ 540,041,904

Governmental activities. Governmental activities increased the City's net assets by \$7,123,443, thereby accounting for 39.1% of the total growth in the net assets of the City after controlling for the Utility fund restatement. Key elements of this increase from the revenue side are as follows:

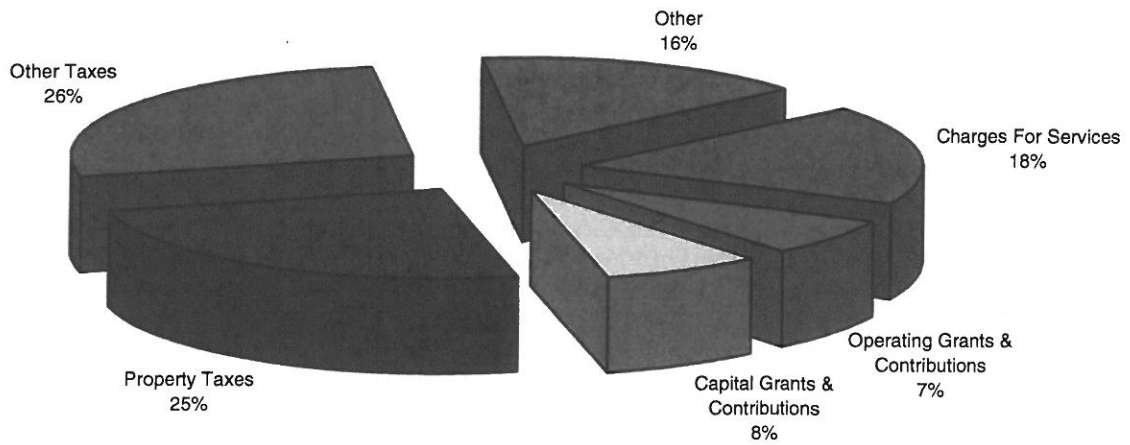
- Property taxes increased by \$2,628,330 (19.17%) from last year.
- Approximately \$5 million in revenue was recognized from federal law enforcement contraband forfeiture activities
- The negative net pension obligation created from the treatment of the taxable pension obligation bond proceeds as employer contributions in excess of required contribution was recorded as an asset in the government wide statements.



Expenses for the most part increased moderately in FY2003, and were well under budgeted levels. Exceptions to this trend were:

- Operating expenses in the Fire Department increased almost 12%, driven in part by personal services increases related to increased overtime costs.
- Operating expenses in the Police Department increased by just under 20% largely due to staffing increases associated with the City's southwest area annexation.

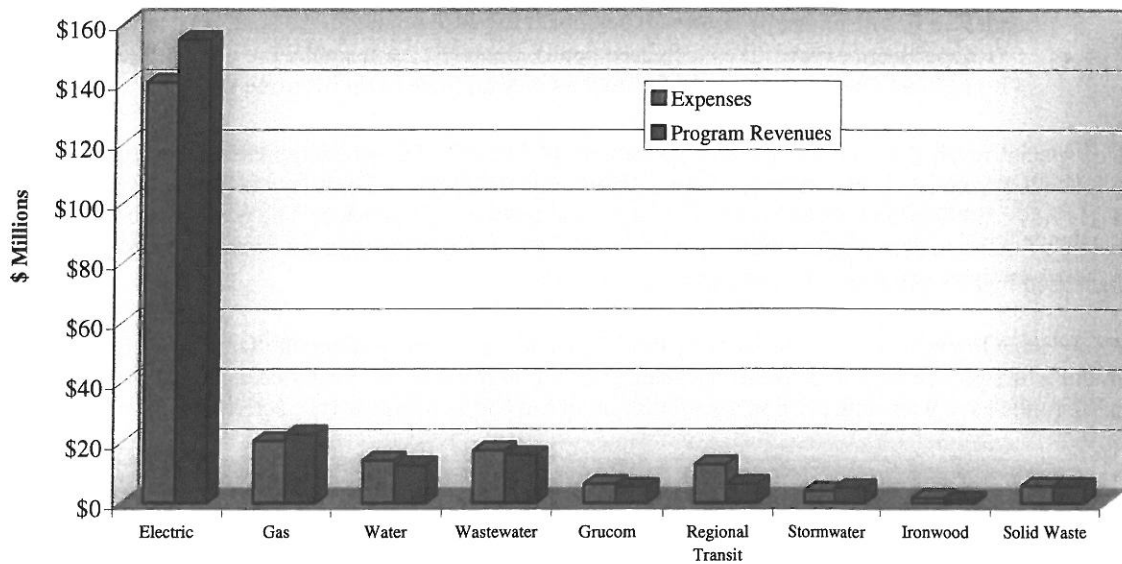
Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net assets by \$11,091,413 – after controlling for the prior period adjustment - accounting for 60.9% of the total growth of the City's net assets. Key elements of this increase are as follows:

- The City's utility operation provided \$8,329,869 , or 75% of the business-type increase.
- Utility operating revenues increased 12.4 million, or approximately 5.8% over last year. The increase was offset by higher fuel costs which are passed directly through to customers.
- The number of customers for electric, water, and wastewater services increased in fiscal 2003.

Expenses & Program Revenues - Business-Type Activities



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 \$42,859,369, an increase of \$761,887 in comparison with the prior year. Approximately 54% (\$23,493,390) of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$3,795,538), 2) to pay debt service (\$2,849,083), 3) noncurrent receivables (\$2,182,081), 4) certain capital projects (\$1,672,513), 5) City policy mandated reserves (\$4,193,648), and 6) for a variety of other restricted purposes (\$4,673,116).

The general fund is the chief operating fund of the City. At the end of the current fiscal year there was \$98,216 unreserved fund balance of the general fund, while total fund balance was \$14,578,812. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance is .14% of total expenditures, while total fund balance represents 20.8% of that same amount.

The fund balance of the City's general fund decreased by \$3,318,771 during the current fiscal year. Key factors in this decline are as follows:

- An increase in property tax revenues of \$2,490,446. The millage rate remained the same as the previous year, so this growth was generated by an increase in the property tax base, primarily from the southwest annexation.
- Transfers from the utility increased by 220,472 primarily due to an increase in the water and wastewater connection surcharges.
- Police department expenditures increased just over \$4 million from the previous year, or just under 20%. The primary reason was personnel expense related to the southwest area annexation.
- Fire department expenditures increased approximately 12% from the previous year, or just under \$1.3 million. One of the contributing factors was an increase in overtime costs.

The special revenue funds have a total fund balance of \$10,326,702, which represents an increase of \$3,956,308 from last year's balance of \$6,370,394. The debt service funds have a total fund balance of \$1,117,571, \$499,000 of which is reserved for the payment of debt service. The net increase in fund balance for the current year for these funds was \$50,731. Fund balance in the capital projects funds increased by \$73,619 from \$16,762,665 to \$16,836,284.

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

Differences between the original and final sources budget were minimal, with the final budget coming in 1.2% or \$914,422 more than the original. The major components were:

- \$244,762 increase in the property tax budget related to an increase in property tax value between the initial and final certification by the Property Appraiser.

- \$235,756 increase in the transfer from the Utility fund related to the increase in water and wastewater connection surcharges.

The difference between the original and final general fund uses budget was \$3,633,554, or 4.8%. The primary piece of this change was a \$3,475,580 increase in transfers, the bulk of which was to fund construction and acquisition of certain capital projects in the General Capital Project Fund and the Downtown Parking Garage Fund.

Capital Asset and Debt Administration

Capital assets. The City's investments in capital assets for its governmental and business type activities as of September 30, 2003 amounts to \$800,165,130 (this is net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, utility infrastructure, roads, bikepaths and sidewalks. Major capital asset events during the fiscal year include:

- Purchase of 265 laptops for police vehicles.
- Expansion of Kanapaha Reclamation Facility's wastewater treatment capacity by 5 million gallons per day. Costs added to this year's expansion project was 7.3 million.
- Electric transmission and distribution net expansion of 3.3 million
- Fiber optic service expansion of 1.8 million.
- Construction of the Community Center at Eastside Park.
- Parks playground equipment replacement.

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

	Governmental activities		Business-type activities		Total	
	FY03	FY02	FY03	FY02	FY03	FY02
Land	14,313,806	\$ 14,421,621	\$ 2,140,529	\$ 1,928,591	\$ 16,454,335	\$ 16,350,212
Utility p & e	-	-	611,281,383	593,999,860	611,281,383	593,999,860
Buildings	15,202,326	15,934,021	2,058,212	2,139,571	17,260,538	18,073,592
Improvements	1,046,170	1,071,678	385,630	423,529	1,431,800	1,495,207
Mach & equip	11,270,481	10,397,198	7,600,561	8,294,636	18,871,042	18,691,834
Infrastructure	48,997,182	48,826,960	4,812,684	4,808,945	53,809,866	53,635,905
Const in prog	6,612,157	2,898,391	74,444,008	63,298,364	81,056,165	66,196,755
Total	\$ 97,442,122	\$ 93,549,869	\$ 702,723,007	\$ 674,893,496	\$ 800,165,129	\$ 768,443,365

Additional information on the City's capital assets can be found in note 5 on pages 35-36 of this report.

Bonded debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$592,621,979. All of this amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds and notes).

City of Gainesville's Outstanding Debt
General Obligation, Revenue Bonds & Utility Notes

	Governmental activities	Business-type activities	Total
General obligation bonds	\$ 89,894,759	\$ -	\$ 89,894,759
Revenue bonds & Utility notes	35,292,220	467,435,000	502,727,220
Total	\$ 125,186,979	\$ 467,435,000	\$ 592,621,979

The City's total debt increased by \$108,843,759, or 22.5% during the current fiscal year. In addition to the scheduled pay down of existing debt, the prominent components of this change were the issuance of:

Utility System Revenue Bonds, Series 2003C	\$115,925,000
Taxable Pension Obligation Bonds, Series 2003B	49,851,806
Taxable Pension Obligation Bonds, Series 2003A	40,042,953
Utility System Revenue Bonds, Series 2003A	33,000,000
Utility System Revenue Bonds, Series 2003B	7,625,000

Also, a refunding of the Utility System Revenue Bonds, Series 1993B, in the amount of \$108,265,000 was completed during FY03.

The City's utility system debt is rated AA by both Standard & Poor's and Moody's, and the Moody's underlying rating on the General Government First Florida Governmental Financing Commission Loan of 2002 is A2.

Additional information on the City's long-term debt can be found in Note 4 on pages 30-34 of this report.

Economic Factors and Next Year's Budgets and Rates

Some of the significant factors considered in preparing the City's FY2004 budgets were:

- The unemployment rate for the Gainesville Metropolitan Statistical Area is currently 2.48%. This compares favorably to the state's average unemployment rate of 5% and the national average of 5.6%.
- Inflationary trends in the region continue to compare favorably to national indices. The preponderance of educational and government jobs in the area tends to mitigate the City's exposure to large fluctuations in the economy.

Utility rate highlights for the 2004 fiscal year are as follows:

- No change in electric rates
- A 2.5% increase in water base rate
- A 2.25% increase in wastewater base rates
- Natural gas base rates up 2% and an increase to the Town Gas Manufactured Gas Plant cleanup cost recovery factor of 1.1 cents per therm.

Requests for Information

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNITS</u>	
	<u>GOVERNMENTAL</u>		<u>TOTAL</u>	<u>GEZDA</u>	<u>CRA</u>
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>			
ASSETS					
Cash and cash equivalents	\$ 1,422,783	\$ -	\$ 1,422,783	\$ -	\$ -
Equity in pooled cash and investments	50,950,129	9,582,385	60,532,514	5,317	70,568
Investments	1,018,717	-	1,018,717	-	-
Receivables	12,059,831	29,270,140	41,329,971	-	-
Internal balances	1,161,591	(1,161,591)	-	-	-
Inventories	243,729	14,400,001	14,643,730	-	-
Prepays	35,843	10,686,909	10,722,752	-	-
Assets held for evidence	65,163	-	65,163	-	-
Deferred charges and other assets	1,776,366	176,080,247	177,856,613	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	190,192,644	190,192,644	-	-
Negative net pension obligation asset	86,362,659	-	86,362,659		
Capital assets (net of accumulated depreciation):					
Utility plant & equipment	-	611,281,383	611,281,383	-	-
Buildings	15,202,324	2,058,212	17,260,536	-	-
Improvements other than buildings	1,046,170	385,630	1,431,800	-	-
Machinery and equipment	11,270,483	7,600,561	18,871,044	-	-
Infrastructure	48,997,185	4,812,684	53,809,869	-	-
Capital assets (not depreciated):					
Land	14,313,806	2,140,529	16,454,335	-	-
Construction in progress	6,612,156	74,444,008	81,056,164	-	-
Total assets	<u>252,538,935</u>	<u>1,131,773,742</u>	<u>1,384,312,677</u>	<u>5,317</u>	<u>70,568</u>
LIABILITIES					
Accounts payable	10,541,460	10,929,136	21,470,596	279	-
Accounts payable - payroll	1,702,036	4,560,242	6,262,278	-	6,328
Accrued interest payable	364,623	7,089,021	7,453,644	-	-
Deferred revenue	717,152	197,750,252	198,467,404	-	-
Liabilities payable from restricted assets	-	85,727,697	85,727,697	-	-
Long term debt due within one year	3,743,408	13,486,042	17,229,450	-	-
Long-term debt due in more than one year	125,676,224	439,203,444	564,879,668	-	-
Total liabilities	<u>142,744,903</u>	<u>758,745,834</u>	<u>901,490,737</u>	<u>279</u>	<u>6,328</u>
NET ASSETS					
Invested in capital assets, net of related debt	47,568,013	281,117,024	328,685,037	-	-
Restricted for:					
Debt service	618,571	47,738,836	48,357,407	-	-
Other purposes	22,152,764	36,075,845	58,228,609	-	1,000
Unrestricted	39,454,684	8,096,203	47,550,887	5,038	63,240
Total net assets	<u>\$ 109,794,032</u>	<u>\$ 373,027,908</u>	<u>\$ 482,821,940</u>	<u>\$ 5,038</u>	<u>\$ 64,240</u>

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

**CITY OF GAINESVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	PROGRAM REVENUES				NET(EXPENSE)REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions			GEZDA	CRA
Governmental activities:								
General government	\$ 15,061,813	\$ 5,212,311	\$ -	\$ 2,750,000	\$ (7,099,502)	\$ -	\$ -	\$ -
Public safety	42,574,106	4,109,925	473,054	1,117,919	(36,873,208)	-	-	-
Physical environment	2,832,078	-	1,109,561	534,634	(1,187,883)	-	-	-
Transportation	9,356,165	1,189,071	525,074	-	(7,640,020)	-	-	-
Economic environment	5,135,218	253,854	2,360,766	-	(2,520,598)	-	-	-
Human services	1,490,131	-	-	-	(1,490,131)	-	-	-
Culture & recreation	5,317,908	1,098,188	208,555	568,698	(3,442,467)	-	-	-
Interest on long-term debt	3,626,965	-	-	-	(3,626,965)	-	-	-
Total governmental activities	\$ 85,396,384	\$ 11,863,349	\$ 4,681,010	\$ 4,971,251	\$ (63,880,774)	-	-	-
Business-type activities								
Electric	140,555,094	154,865,704	-	-	14,310,610	-	-	-
Gas	20,745,014	22,926,677	-	-	2,181,663	-	-	-
Water	14,213,832	12,533,489	-	1,602,261	(78,082)	-	-	-
Wastewater	17,514,229	15,957,966	-	2,055,216	498,953	-	-	-
GRUCom	6,296,174	5,367,509	-	-	(928,665)	-	-	-
Regional Transit System	12,833,553	6,259,174	4,968,210	1,499,313	(106,856)	-	-	-
Stormwater Management	3,934,824	5,022,167	-	796,531	1,883,874	-	-	-
Ironwood Golf Course	1,531,655	902,413	-	-	(629,242)	-	-	-
Solid Waste	5,703,055	5,614,667	-	-	(88,388)	-	-	-
Total business-type activities	\$ 223,327,430	\$ 229,449,766	\$ 4,968,210	\$ 5,953,321	\$ (17,043,867)	\$ -	\$ -	\$ -
Total primary government	\$ 308,723,814	\$ 241,313,115	\$ 9,649,220	\$ 10,924,572	\$ (63,880,774)	\$ 17,043,867	\$ (11,221)	\$ (227,602)
COMPONENT UNITS								
Gainesville Enterprise Zone Development Agency	\$ 11,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,221)	\$ -
Community Redevelopment Authority	227,602	-	-	-	-	-	-	(227,602)
Total component units	\$ 238,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,221)	\$ (227,602)
General revenues:								
Property taxes		16,341,921						
Franchise & utility taxes		6,365,208						
Communications services tax		5,926,299						
Half cent sales tax		5,447,266						
State revenue sharing		2,825,141						
Gain (Loss) on sale of capital assets		43,748		(49,385)				
Other general revenues		6,053,795		13,994,698				
Interest		1,634,773		6,468,299				
Transfers		26,366,066		(26,366,066)				
Total general revenues and transfers		71,004,217		(5,952,454)				
Change in net assets		7,123,443		11,091,413				
Net assets, as previously reported		102,670,589		437,371,315				
Prior period adjustment		-		(75,434,820)				
Net assets - beginning of year, as restated		102,670,589		361,936,495				
Net assets - ending		\$ 109,794,032		\$ 373,027,908				

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

CITY OF GAINESVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,020,503	\$ 1,020,503
Equity in pooled cash and investments	6,877,363	26,005,921	32,883,284
Investments	-	1,018,717	1,018,717
Receivables	8,170,579	3,413,743	11,584,322
Due from other funds	3,965,055	187,862	4,152,917
Inventories	97,855	-	97,855
Assets held for evidence	-	65,163	65,163
Total assets	<u>\$ 19,110,852</u>	<u>\$ 31,711,909</u>	<u>\$ 50,822,761</u>
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 3,978,909	\$ 466,306	\$ 4,445,215
Due to other funds	-	1,023,823	1,023,823
Deferred revenue	553,131	1,941,223	2,494,354
Total liabilities	<u>4,532,040</u>	<u>3,431,352</u>	<u>7,963,392</u>
Fund balances:			
Reserved	14,480,596	4,885,383	19,365,979
Unreserved, reported in:			
General Fund	98,216	-	98,216
Special Revenue Funds			
Designated for Future Use	-	7,676,099	7,676,099
Undesignated	-	(201,795)	(201,795)
Debt Service Funds			
Designated for Future Use	-	618,571	618,571
Capital Projects Funds			
Designated for Future Use	-	14,497,881	14,497,881
Undesignated	-	804,418	804,418
Total fund balances	<u>14,578,812</u>	<u>28,280,557</u>	<u>42,859,369</u>
Total liabilities and fund balances	<u>\$ 19,110,852</u>	<u>\$ 31,711,909</u>	<u>\$ 50,822,761</u>

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

Total fund balances: governmental funds balance sheet	\$ 42,859,369
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. The cost of the assets is \$193,465,523 and the accumulated depreciation is \$103,920,039.	89,545,484
Long term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:	(129,057,870)
Bonds and promissory notes payable	126,248,058
Compensated absences	2,809,812
Governmental funds record debt issuance costs as expenditures when these costs are first incurred. Unamortized debt issuance costs must be included as a deferred charge in the government-wide financial statements.	1,776,369
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.	(364,623)
In fund financial statements, governmental fund types recognize discounts during the current period as other financing uses. In the government-wide statements, discounts are applied against bonds payable.	66,169
Liabilities for earned but unavailable revenues are reported in the funds, but not in the statement of net assets.	1,777,202
Negative net pension obligation asset created through treatment of Taxable Pension Obligation Bonds as employer contribution to defined benefit pension plans is not recognized in the funds.	86,362,659
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 are included in governmental activities in the statement of net assets.	<u>16,829,274</u>
Net assets of governmental activities	<u>\$ 109,794,032</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, 2003

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes	\$ 28,636,344	\$ 3,563,110	\$ 32,199,454
Licenses and permits	2,018,662	-	2,018,662
Intergovernmental	7,548,704	7,686,132	15,234,836
Charges for services	6,387,470	1,487,247	7,874,717
Fines and forfeitures	1,329,518	5,088,260	6,417,778
Miscellaneous	797,953	1,809,630	2,607,583
Total revenues	<u>46,718,651</u>	<u>19,634,379</u>	<u>66,353,030</u>
EXPENDITURES			
Current:			
General government	14,973,311	86,631,266	101,604,577
Public safety	41,144,614	2,357,558	43,502,172
Physical environment	2,224,299	406,019	2,630,318
Transportation	7,543,340	1,077	7,544,417
Economic environment	180,738	4,356,399	4,537,137
Human services	-	1,490,005	1,490,005
Culture and recreation	4,017,568	2,358,617	6,376,185
Debt service:			
Principal	-	2,643,845	2,643,845
Interest	-	3,615,491	3,615,491
Bond issuance costs	-	1,693,031	1,693,031
Capital outlay	-	6,214,790	6,214,790
Total expenditures	<u>70,083,870</u>	<u>111,768,098</u>	<u>181,851,968</u>
Excess of revenues over(under) expenditures	<u>(23,365,219)</u>	<u>(92,133,719)</u>	<u>(115,498,938)</u>
OTHER FINANCING SOURCES(USES)			
Debt issuance	-	89,894,759	89,894,759
Transfers in	26,467,043	7,497,396	33,964,439
Transfers out	(6,420,595)	(1,177,778)	(7,598,373)
Total other financing sources(uses)	<u>20,046,448</u>	<u>96,214,377</u>	<u>116,260,825</u>
Net change in fund balances	<u>(3,318,771)</u>	<u>4,080,658</u>	<u>761,887</u>
Fund balances - beginning	17,897,583	24,199,899	42,097,482
Fund balances - ending	<u>\$ 14,578,812</u>	<u>\$ 28,280,557</u>	<u>\$ 42,859,369</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, 2003

Net changes in fund balances - total governmental funds	\$ 761,887
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded as expenditures in the current period.	8,746,007
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 amount of depreciation expense associated with capital outlays recorded as expenditures in the current period.	(5,251,217)
In the governmental funds, revenue cannot be recognized until it is available to liquidate liabilities of the current period. In the statement of activities, revenue is recognized as soon it is earned regardless of its availability.	(199,270)
The issuance of long-term debt provides current financial resources to governmental funds. These transactions, however, have no effect on net assets. This is the amount of long-term debt issued in the current period.	(89,894,759)
Proceeds of pension obligation bonds issued during the current period were contributed to the pension plans to retire the unfunded obligation. Governmental funds report such outlays as expenditures. However, the outlay is reported as an asset on the Statement of Net Assets and does not impact the Statement of Activities.	86,362,659
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net assets. This is the amount of repayment of principal of long-term debt recorded in the current period.	2,643,846
Governmental funds report the effect of issuance discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of the effect of the difference in treatment of unamortized bond discounts.	(3,585)
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of the effect of the difference in treatment of unamortized debt issuance costs.	1,658,930
Governmental funds do not recognize expenditures for the long-term accrued liability associated with compensated absences. This is the amount of compensated absences recorded in the current period.	(126,492)
Governmental funds do not recognize expenditures for the liability associated with accrued interest payable on long-term debt. This is the amount of accrued interest payable recorded in the current period.	26,212
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>2,399,225</u>
Change in net assets of governmental activities	<u>\$ 7,123,443</u>

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	Utility	Other Enterprise Funds	Totals	ACTIVITIES - Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 402,280
Equity in pooled cash and investments	2,253,574	7,328,811	9,582,385	18,066,845
Receivables	27,286,731	1,983,409	29,270,140	128,506
Due from other funds	567,339	749,072	1,316,411	251,917
Prepaid rent - lease/leaseback	10,686,909	-	10,686,909	-
Inventories	13,934,408	465,593	14,400,001	145,873
Prepaid expenses	-	-	-	35,843
Deferred charges	2,740,206	-	2,740,206	-
Restricted Assets - cash and investments	96,948,507	-	96,948,507	-
Total current assets	<u>154,417,674</u>	<u>10,526,885</u>	<u>164,944,559</u>	<u>19,031,264</u>
Noncurrent assets:				
Restricted Assets - cash and investments	93,244,137	-	93,244,137	-
Prepaid rent - lease/leaseback	151,397,877	-	151,397,877	-
Other noncurrent assets	21,942,164	-	21,942,164	-
Capital assets (net of accumulated depreciation)				
Utility plant & equipment	611,281,383	-	611,281,383	-
Buildings	-	2,058,212	2,058,212	117,220
Improvements other than buildings	-	385,630	385,630	-
Machinery and equipment	-	7,600,561	7,600,561	7,779,418
Infrastructure	-	4,812,684	4,812,684	-
Capital assets (not depreciated)				
Land	-	2,140,529	2,140,529	-
Construction in progress	71,458,461	2,985,547	74,444,008	-
Total capital assets	<u>682,739,844</u>	<u>19,983,163</u>	<u>702,723,007</u>	<u>7,896,638</u>
Total noncurrent assets	<u>949,324,022</u>	<u>19,983,163</u>	<u>969,307,185</u>	<u>7,896,638</u>
Total assets	<u>1,103,741,696</u>	<u>30,510,048</u>	<u>1,134,251,744</u>	<u>26,927,902</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	13,190,313	823,037	14,013,350	7,792,679
Accounts payable - payroll	1,808,063	472,058	2,280,121	86,529
Due to other funds	3,727,950	959,371	4,687,321	10,101
Current portion of long-term debt	88,000	1,013,042	1,101,042	-
Deferred credits	3,878,407	-	3,878,407	-
Current liabilities payable from restricted assets:				
Rate stabilization deferred credit	71,628,813	-	71,628,813	-
Accrued interest payable	7,089,021	-	7,089,021	-
Current portion of long-term debt	12,385,000	-	12,385,000	-
Other liabilities payable from restricted assets	5,845,673	-	5,845,673	-
Total current liabilities	<u>119,641,240</u>	<u>3,267,508</u>	<u>122,908,748</u>	<u>7,889,309</u>
Noncurrent liabilities:				
Long-term debt	437,766,470	1,436,974	439,203,444	-
Operating lease - lease/leaseback	176,530,733	-	176,530,733	-
Other noncurrent liabilities	24,594,323	195,907	24,790,230	-
Total noncurrent liabilities	<u>638,891,526</u>	<u>1,632,881</u>	<u>640,524,407</u>	<u>-</u>
Total liabilities	<u>758,532,766</u>	<u>4,900,389</u>	<u>763,433,155</u>	<u>7,889,309</u>
NET ASSETS				
Invested in capital assets, net of related debt	263,206,801	17,910,223	281,117,024	7,896,638
Restricted for:				
Debt Service	47,738,836	-	47,738,836	-
Other purposes	36,075,845	-	36,075,845	-
Unrestricted	(1,812,552)	7,699,436	5,886,884	11,141,955
Total net assets	<u>\$ 345,208,930</u>	<u>\$ 25,609,659</u>	<u>\$ 370,818,589</u>	<u>\$ 19,038,593</u>

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF NET ASSETS OF PROPRIETARY FUNDS
EXPENSES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Total net assets of Enterprise Funds on the statement of net assets of proprietary funds	\$ 370,818,589
Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants	<u>2,209,319</u>
Net assets of business-type activities	<u>\$ 373,027,908</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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

**GOVERNMENTAL
ACTIVITIES -
Internal
Service Funds**

	<u>Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
Operating Revenues:				
Sales and service charges	\$ 211,651,345	\$ 17,798,421	\$ 229,449,766	\$ 11,268,576
Employer contributions	-	-	-	9,461,448
Employee contributions	-	-	-	3,403,421
Retiree contributions	-	-	-	1,256,247
Other operating revenues	13,972,493	22,205	13,994,698	281,839
Total operating revenues	<u>225,623,838</u>	<u>17,820,626</u>	<u>243,444,464</u>	<u>25,671,531</u>
Operating expenses:				
Operations and maintenance	121,983,071	20,652,845	142,635,916	8,495,051
Administrative and general	22,706,274	2,034,420	24,740,694	2,357,025
Depreciation and amortization	36,283,237	1,706,748	37,989,985	1,599,387
Benefits paid and other expenses	-	-	-	9,235,027
Total operating expenses	<u>180,972,582</u>	<u>24,394,013</u>	<u>205,366,595</u>	<u>21,686,490</u>
Operating income (loss)	<u>44,651,256</u>	<u>(6,573,387)</u>	<u>38,077,869</u>	<u>3,985,041</u>
Nonoperating revenues (expenses):				
Investment income	6,297,965	170,334	6,468,299	413,866
Interest expense	(20,361,569)	-	(20,361,569)	-
Loss on disposal of fixed assets	-	(49,385)	(49,385)	(23,473)
Local option gas tax	-	2,127,858	2,127,858	-
Operating grants	-	2,840,352	2,840,352	-
Total nonoperating revenue(expenses)	<u>(14,063,604)</u>	<u>5,089,159</u>	<u>(8,974,445)</u>	<u>390,393</u>
Income (loss) before capital contributions and transfers	30,587,652	(1,484,228)	29,103,424	4,375,434
Capital contributions	3,657,477	2,295,844	5,953,321	424,525
Transfers in	-	567,160	567,160	410,891
Transfers out	(25,915,260)	(1,017,966)	(26,933,226)	(410,891)
Change in net assets	8,329,869	360,810	8,690,679	4,799,959
Total net assets - beginning of year as originally reported	412,313,881	25,248,849	437,562,730	14,238,634
Prior Period adjustment	(75,434,820)	-	(75,434,820)	-
Net assets - beginning of year, as restated	336,879,061	25,248,849	362,127,910	14,238,634
Total net assets - ending	<u>\$ 345,208,930</u>	<u>\$ 25,609,659</u>	<u>\$ 370,818,589</u>	<u>\$ 19,038,593</u>

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

CITY OF GAINESVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENSES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Change in net assets - Enterprise Funds	\$ 8,690,679
Look-back adjustment for the effect of internal service fund activity involving enterprise fund participants during the current year	<u>2,400,734</u>
Change in net assets of business-type activities	<u><u>\$ 11,091,413</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, 2003

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUNDS</u>		<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
	<u>UTILITY</u> <u>FUND</u>	<u>NONMAJOR</u> <u>ENTERPRISE</u> <u>FUNDS</u>	<u>INTERNAL</u> <u>SERVICE</u> <u>FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Received from Customers	\$ 209,555,527	\$ 17,397,425	\$ 25,607,916
Cash Paid to Suppliers	(122,291,913)	(14,311,621)	(18,295,220)
Cash Paid to Employees	(39,495,623)	(8,048,417)	(1,896,775)
Other Operating Receipts (Disbursements)	10,390,546	693,648	(261,912)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>58,158,537</u>	<u>(4,268,965)</u>	<u>5,154,009</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Local Option Gas Tax	-	2,094,517	-
Operating Grants	-	2,306,723	-
Other Receipts	-	4,648	-
Interest Paid	-	(29,161)	(208,223)
Transfers from Other Funds	-	565,873	410,891
Transfers to Other Funds	(25,915,260)	(1,017,966)	(410,891)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>(25,915,260)</u>	<u>3,924,634</u>	<u>(208,223)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u> <u>FINANCING ACTIVITIES</u>			
Principal Repayments on Long-Term Debt	(134,976,000)	(1,000,000)	-
Proceeds from Sale of Fixed Assets	-	18,637	(19,324)
Interest Paid on Long-term Debt	(21,390,758)	-	-
Capital Contributions	-	2,245,182	-
Acquisition and Construction of Fixed Assets	(54,343,220)	(2,361,212)	(2,446,000)
Proceeds from Debt issued	170,579,386	-	-
Capitalized Connection Fees	3,311,449	-	-
Other Receipts	10,180	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(36,808,963)</u>	<u>(1,097,393)</u>	<u>(2,465,324)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Received	6,511,894	260,486	622,089
Purchase of Investments	(550,179,848)	(5,112,759)	(12,884,514)
Investment in The Energy Authority	(1,181,417)	-	-
Distributions from The Energy Authority	1,067,922	-	-
Proceeds from Investment Maturities	543,697,899	5,125,436	9,296,777
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(83,550)</u>	<u>273,163</u>	<u>(2,965,648)</u>
NET INCREASE (DECREASE) IN CASH	<u>(4,649,236)</u>	<u>(1,168,561)</u>	<u>(485,186)</u>
CASH - OCTOBER 1, 2002	<u>37,517,537</u>	<u>3,384,613</u>	<u>6,069,797</u>
CASH - SEPTEMBER 30, 2003	<u>\$ 32,868,301</u>	<u>\$ 2,216,052</u>	<u>\$ 5,584,611</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, 2003

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	UTILITY FUND	NONMAJOR ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING INCOME (LOSS)	\$ 44,651,256	\$ (6,573,387)	\$ 3,985,041
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation and Amortization	36,283,237	1,706,748	1,599,387
Operating Lease-Lease/leaseback Revenue	(1,774,203)	-	-
(Increase)/Decrease in Receivables	(2,188,895)	(387,415)	257,537
(Increase)/Decrease in Inventories	4,322,401	(70,400)	(55,471)
(Increase)/Decrease in Due from Other Funds	-	(35,785)	(39,414)
(Increase)/Decrease in Prepaid Expenses	(286,260)	-	2,293
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(5,554,222)	399,106	(61,613)
Increase/(Decrease) in Due to Other Funds	(82,307)	692,168	(533,751)
Increase/(Decrease) in Deferred Credits	(16,425,666)	-	-
(Increase)/Decrease in Deferred Debits	(879,881)	-	-
Increase/(Decrease) in Utility Deposits	93,077	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 58,158,537	\$ (4,268,965)	\$ 5,154,009
 RECONCILIATION OF CASH TO STATEMENT OF NET ASSETS			
Cash	\$ 32,868,301	\$ 2,216,052	\$ 5,584,611
Unamortized Discount	(10,888,559)	-	-
Accrued Interest	1,158,755	-	-
Investments	169,307,721	5,112,759	12,884,514
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET ASSETS	\$ 192,446,218	\$ 7,328,811	\$ 18,469,125
 NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES			
Contribution of Capital Assets	\$ 4,527,551	\$ -	\$ 424,525
Change in Fair Value of Investments	1,266,257	777,199	(179,835)

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

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	PENSION TRUST FUNDS
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 4,412,422
Equity in Pooled Cash and Investments	2,123,109
Investments, at fair value	339,482,757
Receivables	<u>97,058</u>
TOTAL ASSETS	346,115,346
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	<u>23,591</u>
NET ASSETS	
Held in trust for pension benefits and other purposes	<u>\$ 346,091,755</u>

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

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	PENSION TRUST FUNDS
<u>ADDITIONS:</u>	
Contributions:	
Employer Contributions:	
Required	\$ 5,531,348
Amount creating negative net pension obligation	<u>86,362,659</u>
Total Employer Contributions	91,894,007
Employee Contributions	14,419,485
State Contributions	<u>1,018,653</u>
Total Contributions	<u>107,332,145</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	51,959,923
Dividends & Interest	<u>5,197,266</u>
Total Investment Income	57,157,189
Less Investment Expense	<u>1,152,408</u>
Net Investment Income	<u>56,004,781</u>
TOTAL ADDITIONS	<u>163,336,926</u>
<u>DEDUCTIONS:</u>	
Benefit Payments	16,077,885
Refunds of Contributions	789,709
Administrative Expenses	<u>474,483</u>
TOTAL DEDUCTIONS	<u>17,342,077</u>
CHANGE IN NET ASSETS	145,994,849
NET ASSETS - beginning	<u>200,096,906</u>
NET ASSETS - ending	<u>\$ 346,091,755</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, 2003

1.	Summary of Significant Accounting Policies	
	A. Reporting Entity	15-16
	B. Government - Wide and Fund Financial Statements	16
	C. Measurement Focus, Basis of Accounting, and Fund Financial Statements	17-18
	D. Deposits with Financial Institutions and Investments	18-22
	E. Receivables	23
	F. Inventories	23
	G. Capital Assets	23-24
	H. Long - Term Obligations	24
	I. Amortization and Deferred Charges/Credits	24
	J. Compensated Absences	25
	K. Risk Management	25
	L. Interfund Transactions	26
	M. Property Taxes	26
	N. Budgetary Information	26
	O. Statement of Cash Flows	26
	P. Enterprise Activities	27
2.	Retirement Plans	
	A. Defined Benefit Plans	27-29
	B. Defined Contribution Pension Plan	29
3.	Deferred Compensation Plan	29
4.	Long-Term Debt	
	Governmental Activities - Revenue Bonds	30
	Governmental Activities - Promissory Notes	30-31
	Business Activities - Revenue Bonds	31-32
	Business Activities - Utility Notes	32-33
	Other Business - Type Activity Long -Term Liabilities	33-34
	Changes in Long - Term Liabilities	34
5.	Capital Assets	35-36
6.	Individual Fund Deficits	36

CITY OF GAINESVILLE, FLORIDA
Index to Notes to Financial Statements
September 30, 2003

7.	Composition of Receivables and Payables	37
8.	Interfund Receivables, Payables and Transfers	38
9.	Equity Reserves	38-39
10.	Enterprise Fund (Utilities System) Operating Transfers to General Fund	39
11.	Post - Retirement Benefits	39
12.	Commitment and Contingencies	40
13.	Lease/Leaseback Transaction	40
14.	Investment in The Energy Authority	41
15.	Restatement of Prior Year Balances	41

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City of Gainesville, Florida (City) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB) or, where applicable, the Financial Accounting Standards Board (FASB). Gainesville Regional Utilities (GRU) has adopted the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the National Association of Regulatory Utility Commissioners (NARUC).

(A) Reporting Entity

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

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

Blended component units, although legally separate entities, are in substance part of the primary government's operations and accordingly, data from these units would be combined with the data of the City. The City has no blended component units. Each discretely presented component unit, on the other hand, is presented in a separate column in the combined financial statements to emphasize it is legally separate from the City.

Discretely Presented Component Units - The Community Redevelopment Agency (CRA) and the Gainesville Enterprise Zone Development Agency (GEZDA) were created by ordinance of the City to carry out community redevelopment within the City of Gainesville under Chapter 163 of the Florida Statutes. The City Commission appoints the boards of these organizations and approves their budgets. These organizations have a September 30 year-end. Separate financial statements of the individual component units are available at the office of the Finance Director, 200 East University Avenue, Gainesville, Florida, 32601.

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

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 2002-2003 was Gainesville Regional Utilities' investment in The Energy Authority, which is described in Note 14.

(B) Government-wide and Fund Financial Statements

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

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

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

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

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

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

- Enterprise Funds
- Internal Service Funds

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

(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 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 funds' equity in the pool.

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

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

The City reports one major governmental fund:

The general fund is the government's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.

The City reports one major proprietary fund:

The utility fund accounts for the activities of the City's electric generation, transmission and distribution operations, as well as 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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

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 customers for sales and service. For those internal service funds related to health insurance, the principal operating revenues are employer and employee contributions. Operating expenses for enterprise funds and internal service funds include the cost of sales and service, administrative expenses, depreciation on capital assets, and benefits paid. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

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

(D) Deposits with Financial Institutions and Investments

In accordance with *GASB Statement No. 3*, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," the City's investments and deposits are categorized as follows to give an indication of the level of risk assumed by the City.

Deposits

- Category 1* Bank balance of deposits that are insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2* Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3* Uncollateralized deposits including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

Investments

- Category 1* Includes investments that are insured or registered, or securities held by the City or its agents in the City's name.
- Category 2* Includes uninsured and unregistered investments held by a counterparty's trust department or agent in the City's name.
- Category 3* Includes uninsured and unregistered investments for which securities are held by a counterparty, its trust department or agent, but not in the City's name.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

	CATEGORY		TOTAL @
	1	2	FAIR VALUE
Defined Benefit			
<u>Pension investments</u>			
U.S. Treasury Obligations	\$ 6,371,969	\$ -	\$ 6,371,969
Corporate bonds	33,477,082	-	33,477,082
Government bonds	18,317,533	-	18,317,533
Mortgage backed obligations	1,672,545	-	1,672,545
Common and preferred stock	279,643,628	-	279,643,628
Subtotal defined benefit pension obligations	339,482,757	-	339,482,757
 <u>Deposits</u>			
Cash in bank	32,058,793	-	32,058,793
Cash held by pension trustees	4,412,422	-	4,412,422
Certificates of deposit	494,000	-	494,000
Subtotal deposits	36,965,215	-	36,965,215
 <u>Other investments</u>			
Government securities	123,259,778	-	123,259,778
Repurchase agreements	-	14,648	14,648
Money Market	5,304,000	-	5,304,000
Government bonds	23,530,828	-	23,530,828
Corporate bonds	750,119	-	750,119
Mortgage backed securities	565,519	-	565,519
Corporate commercial paper	68,657,112	-	68,657,112
Subtotal other investments	222,067,356	14,648	222,082,004
 Investments - mutual funds			730,855
Total deposits and investments			\$ 599,260,831

The above deposits and investments include those held by the component units as follows:

	<u>GEZDA</u>	<u>CRA</u>
Certificates of Deposit	\$ 41	\$ 543
Repurchase Agreements	1	16
Money Market	440	5,834
Government Bonds	4,726	62,728
Corporate Bonds	62	825
Mortgage Backed Securities	47	622
 TOTAL	\$5,317	\$70,568

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

The following schedule reconciles the deposit and investment information above to the City's financial statements:

	Cash & Cash Equivalents	Equity in Pooled Cash & Investments	Investments	Restricted Cash & Equivalents	Total Deposits & Investments
Govt. Activities:					
General	\$ -	\$ 6,877,363	\$ -	\$ -	\$ 6,877,363
Special Revenue	137,892	8,908,692	1,018,706	-	10,065,290
Debt Service	576,279	541,281	11	-	1,117,571
Capital Projects	306,332	16,555,948	-	-	16,862,280
Internal Service	402,280	18,066,845	-	-	18,469,125
Subtotal Govt. Activities	<u>1,422,783</u>	<u>50,950,129</u>	<u>1,018,717</u>	<u>-</u>	<u>53,391,629</u>
Bus.-type Activities:					
Enterprise	-	9,582,385	-	190,192,644	199,775,029
Subtotal Bus.-type Activities	<u>-</u>	<u>9,582,385</u>	<u>-</u>	<u>190,192,644</u>	<u>199,775,029</u>
Pension Trust	4,412,422	2,123,109	339,482,757	-	346,018,288
Total Primary Government	<u>5,835,205</u>	<u>62,655,623</u>	<u>340,501,474</u>	<u>190,192,644</u>	<u>599,184,946</u>
Component Units:					
GEZDA	-	5,317	-	-	5,317
CRA	-	70,568	-	-	70,568
Total	<u>\$ 5,835,205</u>	<u>\$ 62,731,508</u>	<u>\$ 340,501,474</u>	<u>\$ 190,192,644</u>	<u>\$ 599,260,831</u>

In accordance with the AICPA's *Audits of State and Local Governmental Units*, overdrafts which resulted from funds overdrawing their share of the pooled cash account were reported as liabilities of those particular funds by establishing an interfund payable to the General Fund. Following is a reconciliation of these accounts.

	Pooled Cash & Investments per Financial Statements	Adjustment for Overdraft Liabilities	Balance
Governmental Activities:			
General	\$ 6,877,363	\$ 1,425,957	\$ 8,303,320
Community Development			
Block Grant	-	(415,369)	(415,369)
Evergreen Cemetery	-	(94,108)	(94,108)
Art in Public Places	-	(6,831)	(6,831)
Business-Type Activities:			
Ironwood Golf Course	-	(909,649)	(909,649)

The City's total deposits and investments are comprised of two 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 \$339,482,757 of the City's total fair value of investments, and are exclusive of

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

the \$2,123,109 in equity in pooled cash and investments held by the City's Pension Funds and \$4,412,422 held in cash by the Trustees. These investments are reported at fair value. 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 instruments:

Equity Funds (domestic and international)

- Common Stocks
- Convertible Preferred Stocks
- Convertible Debentures

Fixed Income Funds

- United States Treasury Bonds, Notes and Bills
- United States Government Agency Securities and Instrumentalities of Government sponsored Corporations.
- Corporate bonds with an average weighted quality rating of A-3 as rated by Moody's or A- as rated by Standard & Poor.
- Certificates of Deposit up to FDIC or FSLIC insurance coverage or any amount fully collateralized by United States Government Securities or issued by an institution which is a qualified public depository within the State of Florida.
- Commercial Paper with either a Standard & Poor's quality rating of A-1 or a Moody's quality rating of P-1.
- Repurchase Agreements which are fully collateralized with United States Treasury or Agency securities with maturities of less than 365 days.
- Debentures.
- Zero Coupon Bonds.
- Pass through securities such as FHLMC, GNMA, and FNMA provided they are agency rated.
- Floating rate notes with a quality rating of A or better.
- Bankers Acceptances.

Other Than Defined Benefit Pension Investments

These funds comprise \$259,777,775 of the City's total fair value of deposits and investments. This figure includes \$730,855 invested in mutual funds.

Deposits At year end, the bank balances for City deposits, excluding cash held by Pension Trustees, was \$32,552,493. 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 by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance. Additionally, under the terms of the Gainesville Regional Utilities bond resolution, the depository is restricted to be a bank, savings and loan association or trust company of the United States or a national banking association, having capital stock, surplus and undivided earnings aggregating at least \$10 million.

Investments As previously indicated, investments of the defined benefit pension plans are reported at fair value. The City's other investments are also reported at fair value in accordance with Governmental Accounting Standards Board Statement #31. Fair value is based on market values.

State statutes, City ordinances and Gainesville Regional Utilities bond resolutions authorize the City to invest in the following instruments:

- Any bonds or other obligations which, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of America;

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

- 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 which 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 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 financial institution sells securities to the City in the form of Repurchase Agreements in amounts equal to the bank balance. Each day the institution issues a confirmation to the City for the securities that are sold to the City. Simultaneously, the institution issues safekeeping receipts for the specific securities sold to the City under the terms of the Repurchase Agreement, evidencing clear ownership of the securities by the City. The securities are obligations of the United States Government. The maturities of such securities do not exceed 365 days from the date of the Repurchase Agreement, and the securities have a market value, exclusive of accrued interest, at least equal to 102% of the purchase price. The securities sold to the City in the form of Repurchase Agreements are held by the custodial bank in its trust department in the name of the City.

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 natural resources funds as well as in certificates of deposit and in repurchase agreements at the City's contracted rate.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

(E) Receivables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

For the most part, receivables and the related revenues are recognized when determined and billed - either for services rendered, grant entitlements, or reimbursements due, or otherwise measurable and available.

Unbilled utilities service receivables are recorded at year end. They are calculated by prorating cycle billings subsequent to September 30, 2003 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, 2003, the allowance was \$17,619 for the General Fund and \$1,023,128 for Enterprise Funds.

(F) Inventories

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

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

(G) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, bikepaths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than those recorded in the Utility fund, are defined by the City as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Utility fund capital assets are defined as assets with an initial, individual cost of more than \$1,000 and a useful life in excess of more than one year.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

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

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

City-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 nuclear power plant operated by Florida Power Corporation. Depreciation expense includes a provision for decommissioning costs related to the jointly-owned nuclear power plant. The cost of nuclear fuel, including estimated disposal cost, is charged to operating expenses.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was capitalized in the Enterprise Funds during the 2003 fiscal year. This amount, if any, is included in construction in progress and reduces interest expense in the Enterprise Funds. 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. For assets constructed with governmental fund resources, interest during construction is not capitalized.

(H) Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the 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 statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

(I) Amortization and Deferred Charges/Credits

GRU prepares its financial statements in accordance with Statement of Financial Accounting Standard No. 71, and records various regulatory assets and liabilities. These assets and liabilities are being amortized over the period in which they will be recovered in future rates. Deferred charges include environmental costs of \$9,896,000, deferred acquisition costs of \$2,765,000, deferred fuel credit of \$(1,851,000) and unamortized bond issuance costs of \$6,600,000. Fuel revenue is recognized based on actual costs. Deferred fuel charges represent actual fuel costs in excess of amounts charged to customers.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

(J) Compensated Absences

The City's policy is to allow limited vesting of employee vacation and sick pay. The limitation of vacation time is governed by the period of employment and is determinable. Unused sick leave may be added to an employee's length of service at the time of retirement for the purpose of computing retirement benefits or, in some cases, received partially in cash upon election at retirement. The resulting liability is not determinable in advance, however.

All vacation pay and applicable sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements.

(K) Risk Management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains a General Insurance Fund (an Internal Service Fund) to account for some of its uninsured risk of loss. Under the current program, the City is self-insured for workers' compensation, auto, and general liability. Third-party coverage is currently maintained for workers' compensation claims in excess of \$350,000 for general employees and \$350,000 for police and fire personnel. Settlements have not exceeded insurance coverage for each of the last three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs), and are shown at current dollar value.

All funds other than the Utility Fund participate in the general insurance program. Risk management/insurance related activities of the Utility fund are accounted for within the Utility Fund. An actuarially computed liability of \$2,422,309 is recorded in the Utility Fund as a deferred credit. 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>
2002-2003	\$3,152,309	\$422,000	\$1,152,000	\$2,422,309
2001-2002	3,152,309	970,000	970,000	3,152,309

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

	BEGINNING OF FISCAL YEAR			END OF FISCAL YEAR
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
2002-2003	\$6,714,000	\$2,097,202	\$ 2,097,202	\$6,714,000
2001-2002	3,985,822	4,726,951	1,998,773	6,714,000

The City is also self-insured for its Employee Health and Accident Benefit Plan (the Plan). The Plan is accounted for in an Internal Service Fund and is externally administered, for an annually contracted amount which 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 \$150,000 per individual. Three claims have exceeded insurance coverage in the last three years. Changes in claims liability for the last two years are as follows:

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

	BEGINNING OF FISCAL YEAR			END OF FISCAL YEAR
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
2002-2003	\$1,007,000	\$9,213,091	\$9,235,027	\$ 985,064
2001-2002	1,017,256	9,270,134	9,280,390	1,007,000

(L) Interfund Activity

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

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

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

(M) Property Taxes

Ad valorem property tax revenue is recognized as a 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 *4.9416 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.

(N) Budgetary Information

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

(O) Statement of Cash Flows

For purposes of the Statement of Cash Flows, cash equivalents are defined as all liquid investments with an original maturity of three months or less.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

(P) Enterprise Activities

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

NOTE 2 - RETIREMENT PLANS

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

- 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 pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. The Employees' Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The pension plans' basis of accounting is modified accrual; the policy is to recognize costs of the plan under modified accrual. The costs of administering the plan, like other plan costs, are captured within the plan itself. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville. In October 2002, the Board of Trustees approved allowing participants to buy back City years of service at its' actuarial valuation. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32602 or by calling (352)334-5054.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission. Plan members are required to contribute 5.0 % of their annual covered salary. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2003 for retirement and death benefits was 4.52% of covered payroll through March 31, 2003. On April 1, 2003 the rate decreased to 3.36%, and on October 1, 2003 the rate decreases to 2.82%. This reduction was brought about through the issuance of the Taxable Pension Obligation Bonds, Series 2003A. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability in the Employees' Plan - the 2.82% represents the ongoing normal cost of the plan. A contribution of 1.05% of covered payroll is made for disability benefits.

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

Annual required contribution	\$2,901,910
Interest on net pension obligation	-
Adjustment to annual required contribution	-
<i>Annual Pension Cost</i>	<u>\$2,901,910</u>
Contributions Made	<u>41,536,043</u>
Change in net pension obligation	(38,634,133)
Net Pension Obligation, beginning of year	-
<i>Net Pension Obligation (Asset), end of year</i>	<u>\$(38,634,133)</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

The annual required contribution for the current year was determined as part of the October 1, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 9.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4% to 7% per year. Both (a) and (b) included an inflation component of 4%. The assumptions include post-retirement benefit increases for those retirees who meet eligibility criteria. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on an open basis. The amortization period at September 30, 2003 was 30 years.

Three-year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/01	\$3,023,078	\$3,023,078	100.0%	\$ -
9/30/02	3,032,698	3,032,698	100.0%	-
9/30/03	2,901,910	41,536,043	1,431.4%	(38,634,133)

The City's FY03 contribution to the plan included \$38,634,133 from the proceeds of the Taxable Pension Obligation Bonds, Series 2003A.

Consolidated Plan:

Plan Description. The Consolidated Plan is a contributory defined benefit pension plan that covers City sworn police officers and firefighters. The Consolidated Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The pension plans' basis of accounting is modified accrual; the policy is to recognize costs of the plan under modified accrual. The costs of administering the plan, like other plan costs, are captured within the plan itself. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville in accordance with State Statute. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32602 or by calling (352)334-5054.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 7.50% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2003 was 18.12% through March 31, and on April 1, 2003 decreased to 3.87% of covered payroll. This reduction was brought about through the issuance of the Taxable Pension Obligation Bonds, Series 2003B. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability in the Consolidated Plan – the 3.87% represents the ongoing normal cost of the plan. In addition, State contributions, which totaled \$1,018,653, are also made to the plan on behalf of the City.

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

Annual required contribution	\$2,629,438
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual Pension Cost	\$2,629,438
Contributions Made	50,357,964
Change in net pension obligation	(47,728,526)
Net Pension Obligation, beginning of year	-
Net Pension Obligation (Asset), end of year	\$(47,728,526)

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

The annual required contribution for the current year was determined as part of the October 1, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 9.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4% to 7% per year. Both (a) and (b) included an inflation component of 4%. The assumptions include post-retirement benefit increases for those retirees who meet eligibility criteria. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on an open basis. The amortization period at September 30, 2003 was 30 years.

Three-year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/01	\$3,023,078	\$3,023,078	100.0%	\$ -
9/30/02	3,032,698	3,032,698	100.0%	-
9/30/03	2,901,910	41,536,043	1,431.4%	(38,634,133)

The City's FY03 contribution to the plan included \$38,634,133 from the proceeds of the Taxable Pension Obligation Bonds, Series 2003A.

Consolidated Plan:

Plan Description. The Consolidated Plan is a contributory defined benefit pension plan that covers City sworn police officers and firefighters. The Consolidated Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The pension plans' basis of accounting is modified accrual; the policy is to recognize costs of the plan under modified accrual. The costs of administering the plan, like other plan costs, are captured within the plan itself. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville in accordance with State Statute. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32602 or by calling (352)334-5054.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 7.50% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2003 was 18.12% through March 31, and on April 1, 2003 decreased to 3.87% of covered payroll. This reduction was brought about through the issuance of the Taxable Pension Obligation Bonds, Series 2003B. The proceeds from this issue were utilized to retire the unfunded actuarial accrued liability in the Consolidated Plan – the 3.87% represents the ongoing normal cost of the plan. In addition, State contributions, which totaled \$1,018,653, are also made to the plan on behalf of the City.

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

Annual required contribution	\$2,629,438
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual Pension Cost	\$2,629,438
Contributions Made	<u>50,357,964</u>
Change in net pension obligation	(47,728,526)
Net Pension Obligation, beginning of year	-
Net Pension Obligation (Asset), end of year	<u>\$(47,728,526)</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

The annual required contribution for the current year was determined as part of the October 1, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4% to 7% per year. Both (a) and (b) included an inflation component of 4%. The assumptions include post-retirement benefit increases for those retirees meeting eligibility criteria. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on an open basis. The amortization period at September 30, 2003 was 30 years.

Three-year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC) Contribution</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation (Asset)</u>	
9/30/01	\$2,898,578	\$ 2,898,578	100.0%	\$ -
9/30/02	3,283,644	3,283,644	100.0%	-
9/30/03	2,629,438	50,357,964	1,915.2%	(47,728,526)

The City's contribution to the plan in fiscal year 2003 included \$47,728,526 from the proceeds of the Taxable Pension Obligation Bonds, Series 2003B.

(B) Defined Contribution Pension Plan

Plan Description. As noted above, the Defined Contribution Pension Plan is open to certain City professional and managerial employees. It is no longer available to all newly hired professional and managerial employees. The Commission of the City of Gainesville adopted this plan and related amendments through a City Ordinance. The plan is qualified under the provisions of Section 401A of the Internal Revenue Code. Assets of the Defined Contribution Plan are self-directed, and investment results are reported to employees quarterly. The City does not have fiduciary accountability for the Defined Contribution Pension Plan and, accordingly, the Plan is not reported in the accompanying financial statements.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 5.0% of their annual covered salary. The City is required to contribute 10.0% of covered payroll. During the 2003 fiscal year, plan member contributions totaled \$232,732 and the City's contributions totaled \$465,628.

NOTE 3 - DEFERRED COMPENSATION PLAN

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

NOTE 4 – LONG-TERM DEBT

Long-term debt is hereafter described:

GOVERNMENTAL ACTIVITIES:

\$15,892,220 Guaranteed Entitlement Revenue and Refunding Bonds, Series 1994 - 3.0-6.1%, final maturity 2024; payable solely from and secured by a lien upon and pledge of monies from the City's Guaranteed Entitlement Funds (Intergovernmental Revenues). Principal and interest are payable as follows:

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

Capital Appreciation Bonds - Principal is payable August 1 and February 1 beginning August 1, 2018. Interest accrues to principal and is payable upon maturity or prior redemption.

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

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

\$2,775,000 First Florida Governmental Financing Commission Loan, Series 2001 - 4.0%, issued May 1, 2001, final maturity July, 2006; payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 2002. Interest payable semi-annually.

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

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

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

Promissory Notes

Promissory notes have been issued only in governmental activities. Notes outstanding at year end are as follows:

\$839,400 Promissory Note of the Downtown Tax Increment Fund - 6.00% interest, dated September 1999, maturing 2015; first annual installment of \$40,000 beginning in 2002, second annual installment of \$82,500 in 2003 and annual installments of \$112,500 beginning in 2004 until paid in full in 2015. The loan will be repaid from tax increment proceeds from the redeveloped parcels used for the Commerce Building Project.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

\$60,000 Promissory Note of the Downtown Tax Increment Fund – 6.50% interest, dated September 1999, maturing 2008; payable in annual installments of \$10,150 from tax increment proceeds from the redevelopment of parcels used for the Arlington Square project.

\$162,000 Promissory Note of the Greenspace Acquisition Fund - non-interest bearing, dated October, 1995, maturing 2004; payable in annual installments of \$16,200 from previously unpledged and available non-ad valorem revenues.

\$466,000 Promissory Note of the College Park/University Heights Tax Increment Fund – 6% interest, maturing 2024. Principal is payable in annual installments beginning December 1, 2005. with repayment to be made from tax increment proceeds of the College Park /University Heights Tax Increment district.

Annual debt service requirements to maturity for promissory notes are as follows:

Year ending September 30	Principal	Interest
2004	\$ 45,338	\$ 59,663
2005	31,866	149,554
2006	79,456	85,764
2007	84,263	80,956
2008	89,364	75,856
2009-2013	551,056	291,307
2014-2018	380,603	122,259
2019-2023	183,340	48,759
2024-2028	43,723	2,697
	<hr/>	<hr/>
Total	<u>\$ 1,489,009</u>	<u>\$ 916,815</u>

BUSINESS-TYPE ACTIVITIES:

\$186,000,000 Utilities System Revenue Bonds, Series 1983 - 6.0%, dated August 1, 1983, final maturity 2014; payable solely from and secured by an irrevocable lien of Gainesville Regional Utilities (Utility) net revenues. Interest is payable on April 1 and October 1. Principal is payable on October 1.

The bonds are subject to redemption at the option of the City at a redemption price of 100%.

\$134,920,000 Utilities System Revenue Bonds, Series 1992 - 6.0-7.5%, dated March 1, 1992, final maturity 2022.

The 1992A Bonds are not subject to redemption at the option of the City. The 1992B Bonds maturing on or after October 1, 2003 through October 1, 2007, inclusive are subject to redemption at the option of the City on or after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 102% in 2002 and 101% to 100% thereafter. The 1992B Bonds maturing October 1, 2017 are subject to redemption at the option of the City on or after October 1, 2002, as a whole at any time or in part on any interest payment date, at a redemption price of 100%.

\$35,180,000 Utilities System Revenue Bonds Series 1993A - 4.25-5.30%, dated March 1, 1993, final maturity October 1, 2006.

\$128,795,000 Utilities System Revenue Bonds Series 1993B - 4.0-5.50%, dated March 1, 1993, final maturity October 1, 2013. The 1993 Series A and B Bonds maturing on or after October 1, 2004 are subject to redemption at the option of the City on and after October 1, 2003 as a whole at any time or in part

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

on any interest payment date, at the following redemption prices, plus accrued interest to the date of redemption:

Redemption Period (dated inclusive)	Redemption Price
October 1, 2003 to September 30, 2004	102%
October 1, 2004 to September 30, 2005	101%
October 1, 2005 and thereafter	100%

\$143,215,000 1996 Utilities System Revenue Bonds Series 1996A – 4.0%-5.75%, dated February 1, 1996, final maturity October, 2026.

The 1996A Series A Bonds maturing on or after October 1, 2010 are subject to redemption at the option of the City on or after October 1, 2006 as a whole or in part at anytime, at the following redemption prices, plus accrued interest to the date of the redemption.

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

\$37,300,000 2002 Utilities System Subordinated Utilities System Revenue Bonds Series 2002A – variable interest, dated July 20, 2002. The 2002A bonds were issued as multi-modal variable interest rate bonds, initially issued as variable-rate auction notes. Interest rates are reset by an auction process each 35 days based on market rates. While in the variable auction-rate mode, the Bonds may be redeemed at the option of the City in whole or in part on any interest payment date immediately following the end of the auction period without premium.

\$40,000,000 2002 Utilities System Subordinated Utilities System Revenue Bonds Series 2002B – variable interest, dated July 20, 2002. the 2002B bonds were issued as multi-modal variable interest rate bonds, initially issued as variable-rate auction notes. Interest rates are reset by an auction process each 35 days based on market rates. While in the variable auction-rate mode, the Bonds may be redeemed at the option of the city in whole or in part on any interest payment date immediately following the end of the auction period without premium.

\$33,000,000 2003 Utilities System Revenue Bonds Series 2003A – 4.625% - 5.25%, dated January 30, 2003, final maturity October 1, 2024. The 2003A bonds are subject to redemption at the option of the City on or after October , 2013 at 100%.

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

\$115,925,000 2003 Utilities System Revenue Bonds Series 2003C – 4.0% - 5.0%, dated August 20, 2003, final maturity October 1, 2013.

Utility Notes

The following Utility System notes are outstanding as of September 30, 2003:

\$85,000,000 Commercial Paper Notes, Series C Notes (tax-exempt)- These may continue to be issued to refinance maturing Series C Notes or provide for other costs. Liquidity support for the Series C notes is provided under a long-term credit agreement dated as of March 1, 2000 with Bayerische Landesbank Gironzentrale. The obligation of the bank may be substituted by another bank which meets certain credit

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

standards and which is approved by GRU and the agent. Under terms of the agreement, GRU may borrow up to \$85,000,000 with same day availability ending on the termination date, as defined in the agreement. Series C Notes of \$37,200,000 were issued in May 2000. Series C Notes of \$2,680,000 and \$45,521,000 were redeemed during fiscal 2000 and 1999, respectively. Proceeds from GRU's lease/leaseback transaction, along with other funds on hand were used to redeem the Series C Notes in 1999. GRU issued \$16,500,000 of Series C Notes in 1999 to finance future electric construction projects.

\$25,000,000 Commercial Paper Notes, Series D (taxable) - In June 2000, a Utilities System Commercial Paper Note Program, Series D (taxable) was established in a principal amount not to exceed \$25,000,000. Liquidity support for the Series D Notes is provided under a long-term credit agreement dated June 1, 2000 with SunTrust Bank. The obligation of the bank may be substituted by another bank which meets certain credit standards and is approved by GRU. Under the terms of the agreement, GRU may borrow up to \$25,000,000 with same day availability ending on the termination date, as defined in the agreement. As of September 30, 2002, \$12,081,000 of Series D Notes were outstanding.

Annual debt service requirements to maturity for bonds and Utility notes are as follows:

Year ending September 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 3,590,000	\$ 5,113,351	\$ 12,385,000	\$ 18,656,124
2005	3,980,000	4,979,984	15,459,000	17,643,599
2006	3,027,052	4,852,822	14,944,000	16,787,725
2007	2,760,105	4,774,055	15,474,000	16,352,509
2008	3,079,992	4,744,535	20,264,000	15,833,307
2009-2013	17,097,320	24,458,916	129,841,715	63,665,162
2014-2018	18,129,560	26,834,887	100,539,525	35,623,832
2019-2023	16,211,901	30,291,441	60,234,525	22,312,895
2024-2028	20,766,049	31,081,968	42,299,525	12,121,041
2029-2033	36,545,000	5,342,223	53,388,710	7,493,183
2034-2038	-	-	2,605,000	1,158,073
Total	\$ 125,186,979	\$ 142,474,182	\$ 467,435,000	\$ 227,647,450

Other Business-type activity long-term liabilities

The following long-term liabilities are outstanding as of September 30, 2003:

\$660,698 Clean Water State Revolving Loan Fund Agreement – 3.27% interest, dated March 2001, maturing 2015. Principal and interest are payable from stormwater fees semiannually in October and April, beginning October 2004.

\$4,000,000 State Infrastructure Bank Loan – non interest bearing, dated July 2001, maturing July 2005. Payable in annual installments each August beginning 2002 from a combination of local funds, capital grants from the Florida Department of Transportation, and allocations of Surface Transportation Program funds by the Florida Department of Transportation.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

Annual debt service requirements to maturity for these items is as follows:

Year ending September 30	Principal	Interest
2004	\$ 1,000,000	\$ -
2005	1,011,095	-
2006	11,095	3,628
2007	11,095	3,265
2008	11,095	2,902
2009-2013	55,475	4,535
2014-2018	11,097	544
Total	\$ 2,110,952	\$ 14,874

(A) Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within one year
Governmental activities:					
Bonds payable:					
Revenue bonds	\$ 37,917,220	\$ -	\$ 2,625,000	\$ 35,292,220	\$ 2,740,000
Pension Obligation bonds	-	89,894,759	-	89,894,759	850,000
Less deferred amounts:					
For issuance discounts	69,753	-	3,585	66,168	-
Total bonds payable	37,847,467	89,894,759	2,621,415	125,120,811	3,590,000
Promissory Notes	1,166,002	344,352	21,345	1,489,009	45,338
Compensated Absences	2,683,320	1,889,148	1,762,656	2,809,812	108,070
Governmental activity Long-term liabilities	\$ 41,696,789	\$ 92,128,259	\$ 4,405,416	\$ 129,419,632	\$ 3,743,408
Business-type activities:					
Bonds payable:					
Utility revenue bonds	\$ 371,050,000	\$ 156,550,000	\$ 131,680,000	\$ 395,920,000	\$ 12,385,000
Add: Issuance premiums	-	10,888,559	-	10,888,559	-
Less deferred amounts:					
For issuance discounts	3,140,826	-	3,140,826	-	-
On refunding	26,778,453	3,593,626	-	30,372,079	-
Total bonds payable	341,130,721	163,844,933	128,539,174	376,436,480	12,385,000
Utility Notes payable	74,811,000	-	3,296,000	71,515,000	-
Clean Water State Revolving Loan Fund	110,952	-	-	110,952	-
State Infrastructure Bank Loan	3,000,000	-	1,000,000	2,000,000	1,000,000
Compensated absences	2,360,659	2,260,278	1,993,883	2,627,054	101,042
Business-type activity Long-term liabilities	\$ 421,413,332	\$ 166,105,211	\$ 134,829,057	\$ 452,689,486	\$ 13,486,042

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 14,421,621	\$ 416,726	\$ (524,541)	\$ 14,313,806
Construction in progress	2,898,391	4,563,121	(849,355)	6,612,157
Total capital assets, not being depreciated	<u>17,320,012</u>	<u>4,979,847</u>	<u>(1,373,896)</u>	<u>20,925,963</u>
Capital assets, being depreciated:				
Buildings	29,100,118	531,437	(393,040)	29,238,515
Improvements other than buildings	5,851,646	126,801	(20,910)	5,957,537
Machinery and equipment	28,425,429	4,504,264	(3,241,216)	29,688,477
Infrastructure	121,239,847	3,125,291	-	124,365,138
Total capital assets being depreciated	<u>184,617,040</u>	<u>8,287,793</u>	<u>(3,655,166)</u>	<u>189,249,667</u>
Less accumulated depreciation for:				
Buildings	(13,166,095)	(939,986)	69,892	(14,036,189)
Improvements other than buildings	(4,779,968)	(143,872)	12,473	(4,911,367)
Machinery and equipment	(18,028,233)	(2,811,346)	2,421,583	(18,417,996)
Infrastructure	(72,412,887)	(2,955,069)	-	(75,367,956)
Total accumulated depreciation	<u>(108,387,183)</u>	<u>(6,850,273)</u>	<u>2,503,948</u>	<u>(112,733,508)</u>
Total capital assets, being depreciated, net	<u>76,229,857</u>	<u>1,437,520</u>	<u>(1,151,218)</u>	<u>76,516,159</u>
Governmental activities capital assets, net	<u>\$ 93,549,869</u>	<u>\$ 6,417,367</u>	<u>\$ (2,525,114)</u>	<u>\$ 97,442,122</u>

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

General Government	\$ 809,284
Public Safety	929,679
Transportation	3,038,645
Economic Environment	69,156
Culture & Recreation	404,453
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>1,599,056</u>
Total depreciation expense – governmental activities	<u>\$ 6,850,273</u>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,928,591	\$ 221,063	\$ (9,125)	\$ 2,140,529
Construction in progress	63,298,364	60,374,946	(49,229,302)	74,444,008
Total capital assets, not being depreciated	<u>65,226,955</u>	<u>60,596,009</u>	<u>(49,238,427)</u>	<u>76,584,537</u>
Capital assets, being depreciated:				
Utility plant and equipment	949,155,760	77,618,580	(35,608,864)	991,165,476
Buildings	3,496,271	26,187	-	3,522,458
Improvements other than buildings	1,776,044	8,085	-	1,784,129
Machinery and equipment	16,338,774	697,465	(96,848)	16,939,391
Infrastructure	21,559,470	165,416	-	21,724,886
Total capital assets, being depreciated	<u>992,326,319</u>	<u>78,515,733</u>	<u>(35,705,712)</u>	<u>1,035,136,340</u>
Less accumulated depreciation for:				
Utility plant and equipment	(355,155,900)	(31,226,312)	6,498,119	(379,884,093)
Buildings	(1,356,697)	(107,549)	-	(1,464,246)
Improvements other than buildings	(1,352,515)	(45,984)	-	(1,398,499)
Machinery and equipment	(8,044,141)	(1,391,538)	96,849	(9,338,830)
Infrastructure	(16,750,525)	(161,677)	-	(16,912,202)
Total accumulated depreciation	<u>(382,659,778)</u>	<u>(32,933,060)</u>	<u>6,594,968</u>	<u>(408,997,870)</u>
Total capital assets, being depreciated, net	<u>609,666,541</u>	<u>45,582,673</u>	<u>(29,110,744)</u>	<u>626,138,470</u>
Business-type activities capital assets, net	<u>\$ 674,893,496</u>	<u>\$ 106,178,682</u>	<u>\$ (78,349,171)</u>	<u>\$ 702,723,007</u>

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

Utility	\$ 31,226,312
Regional Transit System	1,374,258
Stormwater	190,981
Ironwood	123,709
Solid Waste	17,800
Total depreciation expense – business-type activities	<u>\$ 32,933,060</u>

NOTE 6 - INDIVIDUAL FUND DEFICITS

The following funds had deficit fund balances/net assets at September 30, 2003:

Special Revenue Funds

Art in Public Places Trust Fund <6,830>

Internal Service

General Insurance <2,376,988>

Employees' Health & Accident Benefits <20,414>

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

The Art in Public Places Trust Fund deficit is related to the personal services cost associated with the individual who administers the fund. Funding will be adjusted in fiscal year 2004 to address this deficit.

In both the General Insurance Fund and the Employees' Health and Accident Benefits Fund, claim expense outpaced estimates. Premium structures have been revised in FY04 to address these issues.

NOTE 7 – COMPOSITION OF RECEIVABLES AND PAYABLES

Governmental activities

Receivables:

General Fund – Net accounts receivable as of September 30, 2003 are comprised of approximately 25% taxes (communications services tax, half cent sales tax, and local option gas tax), 23% notes receivable, 10% receivables from employees, and 42% other receivables.

Nonmajor governmental funds - Net accounts receivable as of September 30, 2003 consist of approximately 51% loans receivable, 42% intergovernmental receivables, and 7% other receivables.

Payables:

General Fund – As of September 30, 2003, the payables balance in the General Fund consists of 44% wages payable and 56% other payables.

Nonmajor governmental funds - Payables balances as of September 30, 2003 are comprised of 64% construction related obligations and 36% other payables.

Business-type activities

Receivables:

Net accounts receivable as of September 30, 2003 are comprised of approximately 93% receivables from utility customer accounts and 7% other receivables.

Payables:

As of September 30, 2003 payables balances consist of 10% fuels payable, 3% intergovernmental payables, 8% wages payable and 79% other payables.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances:

Due to	Due from					Total
	General	Utility	Nonmajor governmental	Internal Service	All others	
General	\$ -	\$ 2,539,099	\$ 516,307	\$ -	\$ 909,649	\$ 3,965,055
Utility	-	247,685	319,654	-	-	567,339
Nonmajor governmental	-	-	187,862	-	-	187,862
Internal Service	-	241,816	-	10,101	-	251,917
All others	-	699,350	-	-	49,722	749,072
Total	\$ -	\$ 3,727,950	\$ 1,023,823	\$ 10,101	\$ 959,371	\$ 5,721,245

There were no due from or due to balances in the fiduciary funds.

Of the \$3,965,055 due to the General Fund, \$1,425,957 is the result of the establishment of an interfund payable resulting from funds overdrawing their share of the pooled cash account. All remaining balances resulted from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

Transfer in	Transfer out					Total
	General	Utility	Nonmajor governmental	Internal Service	All others	
General	\$ -	\$ 25,915,260	\$ 251,783	\$ -	\$ 300,000	\$ 26,467,043
Nonmajor governmental	5,853,435	-	925,995	-	717,966	7,497,396
Internal Service	-	-	-	410,891	-	410,891
All others	567,160	-	-	-	-	567,160
Total	\$ 6,420,595	\$ 25,915,260	\$ 1,177,778	\$ 410,891	\$ 1,017,966	\$ 34,942,490

The Utility transfer to the General Fund is based on a formula adopted by the City Commission. Please refer to note 10 for more detail.

NOTE 9 -EQUITY RESERVES/RESTRICTIONS

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

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

<u>Fund Type</u>	<u>Encumbrances</u>	<u>Inventories</u>	<u>Noncurrent Receivable</u>	<u>Debt Service</u>	<u>Legal Restrictions for a Specific Future Use</u>	<u>TOTAL</u>
<i>General Fund</i>	\$ 254,569	\$97,855	\$2,182,081	\$ -	\$11,946,091	\$14,480,596
<i>Special Revenue Funds</i>	2,365,842	-	-	-	486,556	2,852,398
<i>Debt Service Funds</i>	-	-	-	499,000	-	499,000
<i>Capital Projects Funds</i>	1,429,696	-	-	-	104,289	1,533,985
Total Reserves	<u>\$4,050,107</u>	<u>\$97,855</u>	<u>\$2,182,081</u>	<u>\$499,000</u>	<u>\$12,536,936</u>	<u>\$19,365,979</u>

The composition of restricted net assets, based on third party external restrictions, at September 30 is:

Governmental activities

Debt service	\$ 618,571
Special Revenue Fund fund balances	10,326,702
Capital projects bond restrictions	11,808,777

Business-type activities

Utility Fund debt service	\$ 47,738,836
Utility plant improvement	27,747,412
Investment in The Energy Authority	3,215,002
Nuclear decommissioning reserve	5,113,431

**NOTE 10- ENTERPRISE FUND (UTILITIES SYSTEM) OPERATING TRANSFERS TO
GENERAL FUND**

In 1986, the City Commission established a formula to determine the amount of Utility System revenues to be transferred to the General Fund of the City from the Enterprise (Utilities System) Funds. The transfer to the General Fund may be made only to the extent such monies are not necessary to pay debt service on the outstanding bonds and subordinated debt or to make other necessary transfers under the Resolution. The transfer to the General Fund for the year ended September 30, 2003 was \$25,915,260.

NOTE 11- POST-RETIREMENT BENEFITS

In addition to providing pension benefits, the City provides certain health care insurance benefits for retired employees. The City also permits retirees to participate in the life insurance program. Most permanent full and part-time employees who are eligible for normal, early retirement, or disability are eligible for these benefits. Individual benefits are the same for all employees, but the cost to the City may vary. Contributions by the City to fund these benefits are neither mandated nor guaranteed. Funds are appropriated annually to fund the actuarially determined costs of the health insurance program and to cover the costs of other programs. The City recognizes the cost of these benefits on a monthly basis by contributing a percentage of active payroll costs. The cost of providing these benefits for the 595 retirees for fiscal year 2003 was \$2,701,025.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Under the Comprehensive Environmental response Compensation and Liability Act, commonly known as "Superfund", the Utilities System Enterprise Funds (operating as Gainesville Regional Utilities, or GRU) has been named as a potentially responsible party at two hazardous waste sites. In addition, in January 1990, GRU purchased the natural gas distribution assets of a company and pursuant to the related purchase agreement, assumed responsibility for the investigation and remediation of environmental impact related to

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

the operation of the former manufactured gas plant. Based upon GRU's analysis of the cost to clean up these sites and other identified environmental contingencies, GRU has accrued a liability of \$9,896,000 as of September 30, 2003. Because GRU believes it is probable that it will recover the costs of environmental cleanup through future customer rates, a regulatory asset of equal amount has been reflected as a deferred charge in the accompanying balance sheet. Although uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect on the City's financial position, results of operations or liquidity.

Pursuant to an interlocal agreement executed October 25, 2000, the City is obligated to construct a parking facility or facilities with a minimum of 375 parking spaces at a location in close proximity to the County Judicial Complex. This same interlocal agreement commits the County to distributing \$5.5 million towards the construction of this parking facility from the proceeds of the levy of a one-cent, one year local government infrastructure surtax as approved by County voters via referendum.

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

NOTE 13 – LEASE/LEASEBACK TRANSACTION

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

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

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

Amortization of the net benefit was \$1,775,000 in fiscal 2003 and was reported as a component of other operating revenue.

NOTE 14 – INVESTMENT IN THE ENERGY AUTHORITY

In May 2000, GRU became an equity member of The Energy Authority ("TEA"), a power marketing joint venture. In May, 2002, TEA began trading natural gas on behalf of GRU. As of September 30, 2003 this joint venture was comprised of six municipal utilities across the nation, all of which are participating in the electric marketing and five of which participate in the gas program. GRU's ownership interest was 7.1% in the electric venture and 7.7% in the gas venture, and it accounted for this investment using equity accounting. To become a member, GRU paid an initial capital contribution of \$1,000,000 and a

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2003

membership fee of \$867,360. The membership fee was amortized over 24 months and, consequently, eliminated. GRU has reflected the capital contribution as an investment in TEA. The investment balance has been adjusted for GRU's subsequent share of TEA's net income or loss. In calculating GRU's share of net income or loss, profit on transactions between GRU and TEA have been eliminated. Such transactions primarily relate to purchases and sales of electricity between GRU and TEA. GRU had purchase transactions with TEA of \$6,569,705 and sales transactions of \$3,588,441 in fiscal year 2003. TEA's profit on these transactions has been reflected as a reduction to GRU's reported revenue or expense. As of September 30, 2003, GRU's investment in TEA was \$1,853,506. Additionally, in accordance with the membership agreement between GRU and its joint venture members, GRU has provided TEA with guarantees of \$9,600,000 to secure power marketing transactions. Of this amount, \$8,600,000 is represented by a trade guarantee with the balance through a TEA letter-of-credit supported by a cash deposit of \$428,571. GRU has also provided guarantees of \$13,800,000 to secure natural gas purchases. Of this amount, \$11,000,000 is represented by a trade guarantee with the balance through a TEA letter-of-credit supported by a cash deposit of \$899,000.

NOTE 15 – RESTATEMENT OF PRIOR YEAR BALANCES

In connection with a recent reexamination of its accounting policies related to Statement of Financial Accounting Standards (SFAS) No. 71, Accounting for the Effects of Certain Types of Regulation, GRU determined that regulatory basis accounting could be applied to its rate stabilization account in the Utility Fund. As a result, in periods when funds are deposited to the rate stabilization account (restricted cash and investments), pursuant to bond covenants, operating revenues would be reduced by the amount deposited and a related regulatory liability would be established; conversely, in future periods when such rate stabilization monies are applied the regulatory liability would be reduced and operating revenues would be increased by the amount applied. Under GRU's previous accounting policy, in previous periods, rate stabilization account assets were reported as restricted assets on the balance sheet, but the corresponding regulatory liabilities were not recorded and the balance was instead reported as part of the restricted assets.

In the 2003 fiscal year, management has elected to change the accounting policy for its rate stabilization account by restating fiscal year 2002 financial statements and disclosing the accounting change in the notes to the financial statements. The treatment as a restatement, instead of a cumulative effect adjustment, is supported by GASB Codification Section 1600.104, footnote 3, which states that "changes in accounting principles addressed in APB Opinion No. 20, as amended, should be reported as restatements of beginning net assets." Management believes that this accounting change will result in more consistency between the accounting for rate stabilization fund transactions and the rate setting model, and that the change is to a preferable method of accounting for these transactions, as permitted under SFAS No. 71.

The result of the retroactive application of this accounting change is as follows:

Beginning net assets in the 2003 financial statements were reduced by \$75,434,820 to reflect the reclassification of the rate stabilization account regulatory liability balance as of the beginning of the fiscal year.

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	BUDGETED AMOUNTS		ACTUAL	ENCUMBRANCES	BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
REVENUES						
Taxes	\$ 28,635,767	\$ 28,880,529	\$ 28,636,344	\$ -	\$ 28,636,344	\$ (244,185)
Licenses and Permits	2,035,198	2,035,198	2,018,662	-	2,018,662	(16,536)
Intergovernmental	7,913,741	8,052,042	7,548,704	-	7,548,704	(503,338)
Charges for Services	5,778,834	5,911,416	6,387,470	-	6,387,470	476,054
Fines and Forfeitures	1,331,018	1,331,018	1,329,518	-	1,329,518	(1,500)
Miscellaneous	1,076,806	1,147,687	797,953	-	797,953	(349,734)
TOTAL REVENUES	46,771,364	47,357,890	46,718,651	-	46,718,651	(639,239)
EXPENDITURES						
Current:						
General Government	16,209,296	16,101,282	14,973,311	121,251	15,094,562	1,006,720
Public Safety	40,959,584	40,616,441	41,144,614	19,569	41,164,183	(547,742)
Physical Environment	2,666,379	2,860,654	2,224,299	64,769	2,289,068	571,586
Transportation	7,543,746	7,650,623	7,543,340	12,883	7,556,223	94,400
Economic Environment	205,831	380,048	180,738	350	181,088	198,960
Culture and Recreation	3,775,037	3,908,799	4,017,568	35,747	4,053,315	(144,516)
TOTAL EXPENDITURES	71,359,873	71,517,847	70,083,870	254,569	70,338,439	1,179,408
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(24,588,509)	(24,159,957)	(23,365,219)	(254,569)	(23,619,788)	540,169
OTHER FINANCING SOURCES (USES)						
Transfers In	26,673,000	27,000,896	26,467,043	-	26,467,043	(533,853)
Transfers Out	(4,644,772)	(8,120,352)	(6,420,595)	-	(6,420,595)	1,699,757
TOTAL OTHER FINANCING SOURCES (USES)	22,028,228	18,880,544	20,046,448	-	20,046,448	1,165,904
NET CHANGE IN FUND BALANCES	\$ (2,560,281)	\$ (5,279,413)	\$ (3,318,771)	\$ (254,569)	\$ (3,573,340)	\$ 1,706,073

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2003

Annual budgets are legally adopted for all governmental funds other than Capital Projects Funds, which are appropriated on a project-length basis. Budgets are controlled at the department level throughout the year and total expenditures plus encumbrances may not legally exceed appropriations for each budgeted fund.

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
EMPLOYEES' PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded ratio (a/b)	Covered Payroll (c)	UAAL as % of covered payroll (b-a)/c
9/30/03	\$ 202,748,044	\$ 212,162,122	\$ 9,414,078	95.56%	\$ 52,321,455	17.99%
9/30/02	152,896,547	191,220,663	38,324,116	79.96%	52,418,000	73.11%
9/30/01	157,637,000	189,421,000	31,784,000	83.22%	49,922,000	63.67%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded ratio (a/b)	Covered Payroll (c)	UAAL as % of covered payroll (b-a)/c
10/1/03	\$ 126,339,749	\$ 127,280,344	\$ 940,595	99.26%	\$ 17,703,178	5.31%
10/1/02	72,451,280	119,370,846	46,919,566	60.69%	17,437,302	269.08%
10/1/01	78,399,664	112,984,188	34,584,524	69.39%	14,602,056	236.85%

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULES OF FUNDING PROGRESS
SEPTEMBER 30, 2003

	EMPLOYEES' PLAN	CONSOLIDATED PLAN		
Valuation Date	9/30/03	9/30/03		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal		
Amortization Method	Level percent	Level percent		
Asset Valuation Method	5-year smoothed market	5-year smoothed market		
Actuarial Assumptions:				
Investment Rate of Return*	9.25% per annum	8.50% per annum		
Salary Increase Rate*	<u>Years of svc.</u>	<u>Rate</u>	<u>Age range</u>	<u>Rate</u>
	6 & under	7%	Less than 30	7%
	7 - 11	6	30 - 35	6
	12 - 16	4	35 - 40	5
	Over 16	3.5	40 & older	4

Includes inflation of 4% for each plan.

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.

Miscellaneous Gifts and Grants Fund - to account for several miscellaneous gifts and grants, most of which are of small dollar value in nature, or which are single purpose in nature and require minimal special accounting features.

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 Sections 932.701 through 932.704, Florida Statutes

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.

Transportation Concurrency Exception Area Fund - to account for revenue and expenditures made in connection with transportation improvements made in conjunction with new developments.

Recreation Fund - to account for revenue and expenditures associated with various recreation programs and centers. Activities are supported by charges for services, contributions and miscellaneous revenues.

Miscellaneous Special Revenue Fund – to account for several miscellaneous programs that are of small dollar value or single purpose in nature and require minimal special accounting features.

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

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

Thomas Center Fund - to account for donated funds, and interest earned on such funds, which are to be used for certain specific projects involving the Thomas Center.

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 downtown redevelopment.

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.

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 neighborhood.

East Side 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 East Side district.

Art in Public Places Trust Fund - to account for the use of funds to purchase art for the newly renovated City building, and to accumulate funds to provide art that is accessible to the public.

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

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 1992 - to account for funds to maintain a reserve and accumulate the debt service requirements of the 1992 borrowing from the First Florida Governmental Financing Commission.

First Florida Governmental Financing Commission (FFGFC) Fund - Series 1996 - to account for funds to maintain a reserve and accumulate the debt service requirements of the 1996 borrowing from the First Florida Governmental Financing Commission.

First Florida Governmental Financing Commission (FFGFC) Fund - Series 1998 - to account for funds to maintain a reserve and accumulate the debt service requirements of the 1998 borrowing from the First Florida Governmental Financing Commission.

First Florida Governmental Financing Commission (FFGFC) Fund – Series 2001 – to account for funds to maintain a reserve and accumulate the debt service requirements of the 2001 borrowing from the First Florida Governmental Financing Commission.

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

CRA Promissory Notes – to account for funds to accumulate debt service requirements of the Community Redevelopment Agency promissory notes from the General Fund.

First Florida Governmental Financing Commission (FFGFC) Fund – Series 2002 – to account for funds to accumulate the debt service requirements of the 2002 borrowing from the First Florida Governmental Financing Commission.

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

Pension Obligation Bonds Series 2003 B – to account for funds to accumulate the debt service requirements of the pension obligation bonds.

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.

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

Greenspace/Recreation Acquisition Fund - to account for the costs of acquiring greenspace and a golf course financed through First Florida Governmental Financing Commission borrowings (1992) and interest earnings.

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

Information Systems Capital Projects Fund - to account for the costs of information systems capital projects to be financed with First Florida Governmental Financing Commission borrowings (1994), operating transfers from other funds of the City and interest earnings.

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

Communications Equipment Project Fund 98 – to account for the costs of purchasing communications equipment financed through First Florida Governmental Financing Commission 1998 and interest earnings.

Capital Acquisitions from Debt Refunding 98 – to account for the costs of various capital projects financed through the release of reserves as a result of debt refunding in 1998.

Courthouse Parking Garage – to account for the costs of the construction of the parking facilities for the new Alachua County Criminal Courthouse financed by the General Fund.

Fleet Acquisition Fund 01 – to account for the costs of fleet acquisition financed through First Florida Governmental Financing Commission 2001 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.

Downtown Parking Garage Fund 02 – to account for construction costs of the Alachua County Criminal Courthouse parking facilities 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.

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	-	207,534	49,402	523,210	171,485	29,338
Investments	-	-	-	-	-	-
Receivables	720,232	1,372,073	251,959	821,684	7,674	-
Due from Other Funds	-	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-	65,163
TOTAL ASSETS	\$ 720,232	\$ 1,579,607	\$ 301,361	\$ 1,344,894	\$ 179,159	\$ 94,501
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 24,785	\$ -	\$ 2,124	\$ 122,246	\$ 4,363	\$ -
Due to Other Funds	463,169	-	-	-	-	-
Deferred Revenue	59,816	1,372,073	287,274	96,127	-	65,163
TOTAL LIABILITIES	547,770	1,372,073	289,398	218,373	4,363	65,163
FUND BALANCES						
Reserved for Encumbrances	372,716	-	654,185	914,790	4,200	-
Reserved for Legal Restrictions	-	-	486,556	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Future Use	-	-	-	211,731	-	29,338
Undesignated	(200,254)	207,534	(1,128,778)	-	170,596	-
TOTAL FUND BALANCES	172,462	207,534	11,963	1,126,521	174,796	29,338
TOTAL LIABILITIES AND FUND BALANCES	\$ 720,232	\$ 1,579,607	\$ 301,361	\$ 1,344,894	\$ 179,159	\$ 94,501

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

SPECIAL REVENUE FUNDS (continued)

	FEDERAL LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND	STREET, SIDEWALK AND DITCH IMPROVEMENT FUND	ECONOMIC DEVELOPMENT FUND	TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND	RECREATION FUND
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	4,813,072	103,195	294,570	227,784	58,320
Investments	-	-	-	-	-
Receivables	-	22,912	73,772	-	6,749
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 4,813,072	\$ 126,107	\$ 368,342	\$ 227,784	\$ 65,069
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 7,491	\$ -	\$ 4,091	\$ -	\$ 2,175
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	22,912	-	-	-
TOTAL LIABILITIES	7,491	22,912	4,091	-	2,175
FUND BALANCES					
Reserved for Encumbrances	196,462	-	2,775	83,746	18,495
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	4,609,119	-	-	-	44,399
Undesignated	-	103,195	361,476	144,038	-
TOTAL FUND BALANCES	4,805,581	103,195	364,251	227,784	62,894
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,813,072	\$ 126,107	\$ 368,342	\$ 227,784	\$ 65,069

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

SPECIAL REVENUE FUNDS (continued)

	MISCELLANEOUS SPECIAL REVENUE FUND	TOURIST DESTINATION ENHANCEMENT FUND	EVERGREEN CEMETERY TRUST FUND	THOMAS CENTER FUND	FIFTH AVENUE TAX INCREMENT FUND
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ 137,892	\$ -	\$ -
Equity in Pooled Cash and Investments	179,867	89,683	-	33,029	256,811
Investments	-	-	1,018,706	-	-
Receivables	50	14,343	2,732	-	35,126
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 179,917	\$ 104,026	\$ 1,159,330	\$ 33,029	\$ 291,937
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ 736	\$ -	\$ -	\$ 120
Due to Other Funds	-	-	94,108	-	-
Deferred Revenue	-	-	2,732	-	35,126
TOTAL LIABILITIES	-	736	96,840	-	35,246
FUND BALANCES					
Reserved for Encumbrances	-	-	-	-	91,271
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	179,917	103,290	1,062,490	33,029	165,420
Undesignated	-	-	-	-	-
TOTAL FUND BALANCES	179,917	103,290	1,062,490	33,029	256,691
TOTAL LIABILITIES AND FUND BALANCES	\$ 179,917	\$ 104,026	\$ 1,159,330	\$ 33,029	\$ 291,937

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

SPECIAL REVENUE FUNDS (continued)

	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND	COLLEGE PARK TAX INCREMENT FUND	EASTSIDE TAX INCREMENT FUND	ART IN PUBLIC PLACES TRUST FUND	SCHOOL CROSSING GUARD TRUST FUND
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	408,011	1,268,173	47,980	-	147,228
Investments	-	-	-	-	-
Receivables	120	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 408,131	\$ 1,268,173	\$ 47,980	\$ -	\$ 147,228
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	459,716	-	6,830	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	459,716	-	6,830	-
FUND BALANCES					
Reserved for Encumbrances	8,108	19,094	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	400,023	789,363	47,980	-	-
Undesignated	-	-	-	(6,830)	147,228
TOTAL FUND BALANCES	408,131	808,457	47,980	(6,830)	147,228
TOTAL LIABILITIES AND FUND BALANCES	\$ 408,131	\$ 1,268,173	\$ 47,980	\$ -	\$ 147,228

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

DEBT SERVICE FUNDS

	FFGFC SERIES 1992	FFGFC SERIES 1996	FFGFC SERIES 1998	FFGFC SERIES 2001	FFGFC SERIES 2002	GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 1994
ASSETS						
Cash and Cash Equivalents	\$ -	\$ 560,429	\$ -	\$ -	\$ -	\$ 15,850
Equity in Pooled Cash and Investments	-	166,993	34,911	19,208	49,651	221,021
Investments	-	-	-	-	-	11
Receivables	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 727,422	\$ 34,911	\$ 19,208	\$ 49,651	\$ 236,882
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Reserved for Encumbrances	-	-	-	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-	-
Reserved for Debt Service	-	499,000	-	-	-	-
Unreserved:						
Designated for Future Use	-	228,422	34,911	19,208	49,651	236,882
Undesignated	-	-	-	-	-	-
TOTAL FUND BALANCES	-	727,422	34,911	19,208	49,651	236,882
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 727,422	\$ 34,911	\$ 19,208	\$ 49,651	\$ 236,882

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	<u>DEBT SERVICE FUNDS (continued)</u>			<u>CAPITAL PROJECTS FUNDS</u>	
	<u>PENSION OBLIGATION BOND SERIES 2003A</u>	<u>PENSION OBLIGATION BOND SERIES 2003B</u>	<u>CRA PROMISSORY NOTES</u>	<u>GENERAL CAPITAL PROJECTS FUND</u>	<u>GREENSPACE ACQUISITION FUND</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	16,465	33,032	-	758,877	59,540
Investments	-	-	-	-	-
Receivables	-	-	-	84,096	-
Due from Other Funds	-	-	-	187,862	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 16,465	\$ 33,032	\$ -	\$ 1,030,835	\$ 59,540
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 20,621	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	20,621	-
<u>FUND BALANCES</u>					
Reserved for Encumbrances	-	-	-	205,796	-
Reserved for Legal Restrictions	-	-	-	-	32,400
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	16,465	33,032	-	-	27,140
Undesignated	-	-	-	804,418	-
TOTAL FUND BALANCES	16,465	33,032	-	1,010,214	59,540
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,465	\$ 33,032	\$ -	\$ 1,030,835	\$ 59,540

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

CAPITAL PROJECTS FUNDS (continued)

	PUBLIC IMPROVEMENT CONSTRUCTION FUND	INFORMATION SYSTEMS CAPITAL PROJECTS FUND	ROADWAY CONSTRUCTION FUND 96	COMMUNICATION EQUIPMENT PROJECT FUND 98
ASSETS				
Cash and Cash Equivalents	\$ 306,332	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	17,273	21,616	1,492,882	63,230
Investments	-	-	-	-
Receivables	221	-	-	-
Due from Other Funds	-	-	-	-
Assets Held for Evidence	-	-	-	-
TOTAL ASSETS	\$ 323,826	\$ 21,616	\$ 1,492,882	\$ 63,230
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 46,943	\$ -	\$ 128,065	\$ -
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	46,943	-	128,065	-
FUND BALANCES				
Reserved for Encumbrances	-	-	164,920	49,071
Reserved for Legal Restrictions	-	-	71,889	-
Reserved for Debt Service	-	-	-	-
Unreserved:				
Designated for Future Use	276,883	21,616	1,128,008	14,159
Undesignated	-	-	-	-
TOTAL FUND BALANCES	276,883	21,616	1,364,817	63,230
TOTAL LIABILITIES AND FUND BALANCES	\$ 323,826	\$ 21,616	\$ 1,492,882	\$ 63,230

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

CAPITAL PROJECTS FUNDS (continued)

	CAPITAL ACQUISITIONS FROM DEBT REFUNDING 98	COURTHOUSE PARKING GARAGE	FLEET ACQUISITION FUND 01	CAPITAL PROJECTS FUND 02	DOWNTOWN PARKING GARAGE FUND 02
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	58,302	561,028	66,797	5,831,055	1,457,782
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 58,302	\$ 561,028	\$ 66,797	\$ 5,831,055	\$ 1,457,782
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 102,546	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	102,546	-
FUND BALANCES					
Reserved for Encumbrances	-	-	-	965,149	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	58,302	561,028	66,797	4,763,360	1,457,782
Undesignated	-	-	-	-	-
TOTAL FUND BALANCES	58,302	561,028	66,797	5,728,509	1,457,782
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,302	\$ 561,028	\$ 66,797	\$ 5,831,055	\$ 1,457,782

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

CAPITAL PROJECTS
FUNDS (continued)

	FIFTH AVENUE/ PLEASANT ST REHAB PROJ FUND 02	DOWNTOWN PARKING GARAGE SALES TAX FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,020,503
Equity in Pooled Cash and Investments	497,303	5,670,263	26,005,921
Investments	-	-	1,018,717
Receivables	-	-	3,413,743
Due from Other Funds	-	-	187,862
Assets Held for Evidence	-	-	65,163
TOTAL ASSETS	\$ 497,303	\$ 5,670,263	\$ 31,711,909
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 466,306
Due to Other Funds	-	-	1,023,823
Deferred Revenue	-	-	1,941,223
TOTAL LIABILITIES	-	-	3,431,352
FUND BALANCES			
Reserved for Encumbrances	-	44,760	3,795,538
Reserved for Legal Restrictions	-	-	590,845
Reserved for Debt Service	-	-	499,000
Unreserved:			
Designated for Future Use	497,303	5,625,503	22,792,551
Undesignated	-	-	602,623
TOTAL FUND BALANCES	497,303	5,670,263	28,280,557
TOTAL LIABILITIES AND FUND BALANCES	\$ 497,303	\$ 5,670,263	\$ 31,711,909

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,615,089	-	602,259	3,739,314	-	-
Charges for Services	75,408	-	197,857	-	447,687	-
Fines and Forfeitures	-	-	-	-	-	3,313
Miscellaneous	44,112	234,759	19,202	199,256	6,158	4,002
TOTAL REVENUES	1,734,609	234,759	819,318	3,938,570	453,845	7,315
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	1,820,889	-	18,689
Physical Environment	-	-	-	406,019	-	-
Transportation	-	-	-	-	-	-
Economic Environment	1,734,609	-	819,317	-	-	-
Human Services	-	-	-	1,490,005	-	-
Culture and Recreation	-	-	-	1,299,126	580,850	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	1,734,609	-	819,317	5,016,039	580,850	18,689
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	234,759	1	(1,077,469)	(127,005)	(11,374)
OTHER FINANCING SOURCES (USES)						
Debt Issuance	-	-	-	-	-	-
Transfers In	-	-	-	432,901	10,000	-
Transfers Out	-	(78,009)	-	(11,136)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(78,009)	-	421,765	10,000	-
NET CHANGE IN FUND BALANCES	-	156,750	1	(655,704)	(117,005)	(11,374)
FUND BALANCES, October 1	172,462	50,784	11,962	1,782,225	291,801	40,712
FUND BALANCES, September 30	\$ 172,462	\$ 207,534	\$ 11,963	\$ 1,126,521	\$ 174,796	\$ 29,338

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	SPECIAL REVENUE FUNDS (continued)				
	FEDERAL LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND	STREET, SIDEWALK AND DITCH IMPROVEMENT FUND	ECONOMIC DEVELOPMENT FUND	TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND	RECREATION FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	109,554	92,217	196,384
Fines and Forfeitures	5,028,894	-	-	-	-
Miscellaneous	86,990	8,481	9,515	7,948	33,243
TOTAL REVENUES	5,115,884	8,481	119,069	100,165	229,627
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	464,998	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	1,077	-
Economic Environment	-	-	245,550	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	204,800
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	464,998	-	245,550	1,077	204,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,650,886	8,481	(126,481)	99,088	24,827
OTHER FINANCING SOURCES (USES)					
Debt Issuance	-	-	-	-	-
Transfers In	-	-	125,000	-	-
Transfers Out	-	-	-	-	(26,730)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	125,000	-	(26,730)
NET CHANGE IN FUND BALANCES	4,650,886	8,481	(1,481)	99,088	(1,903)
FUND BALANCES, October 1	154,695	94,714	365,732	128,696	64,797
FUND BALANCES, September 30	\$ 4,805,581	\$ 103,195	\$ 364,251	\$ 227,784	\$ 62,894

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	SPECIAL REVENUE FUNDS (continued)					
	MISCELLANEOUS SPECIAL REVENUE FUND	TOURIST DESTINATION ENHANCEMENT FUND	EVERGREEN CEMETERY TRUST FUND	THOMAS CENTER FUND	FIFTH AVENUE TAX INCREMENT FUND	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 75,851	\$ 351,806
Intergovernmental	-	208,148	-	-	-	-
Charges for Services	339,753	-	28,387	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	11,809	-	185,294	1,077	45,837	20,339
TOTAL REVENUES	351,562	208,148	213,681	1,077	121,688	372,145
EXPENDITURES						
Current:						
General Government	268,607	-	-	-	-	-
Public Safety	52,982	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	-	-	-	-	232,025	486,370
Human Services	-	-	-	-	-	-
Culture and Recreation	6,499	264,594	-	2,748	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	328,088	264,594	-	2,748	232,025	486,370
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,474	(56,446)	213,681	(1,671)	(110,337)	(114,225)
OTHER FINANCING SOURCES (USES)						
Debt Issuance	-	-	-	-	-	-
Transfers In	114,801	-	-	-	45,187	218,209
Transfers Out	-	-	(42,507)	-	(55,966)	(178,396)
TOTAL OTHER FINANCING SOURCES (USES)	114,801	-	(42,507)	-	(10,779)	39,813
NET CHANGE IN FUND BALANCES	138,275	(56,446)	171,174	(1,671)	(121,116)	(74,412)
FUND BALANCES, October 1	41,642	159,736	891,316	34,700	377,807	482,543
FUND BALANCES, September 30	\$ 179,917	\$ 103,290	\$ 1,062,490	\$ 33,029	\$ 256,691	\$ 408,131

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

SPECIAL REVENUE FUNDS (continued)						
	MISCELLANEOUS SPECIAL REVENUE FUND	TOURIST DESTINATION ENHANCEMENT FUND	EVERGREEN CEMETERY TRUST FUND	THOMAS CENTER FUND	FIFTH AVENUE TAX INCREMENT FUND	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 75,851	\$ 351,806
Intergovernmental	-	208,148	-	-	-	-
Charges for Services	339,753	-	28,387	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	11,809	-	185,294	1,077	45,837	20,339
TOTAL REVENUES	351,562	208,148	213,681	1,077	121,688	372,145
EXPENDITURES						
Current:						
General Government	268,607	-	-	-	-	-
Public Safety	52,982	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	232,025	486,370
Economic Environment	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	6,499	264,594	-	2,748	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	328,088	264,594	-	2,748	232,025	486,370
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,474	(56,446)	213,681	(1,671)	(110,337)	(114,225)
OTHER FINANCING SOURCES (USES)						
Debt Issuance	-	-	-	-	-	-
Transfers In	114,801	-	-	-	45,187	218,209
Transfers Out	-	-	(42,507)	-	(55,966)	(178,396)
TOTAL OTHER FINANCING SOURCES (USES)	114,801	-	(42,507)	-	(10,779)	39,813
NET CHANGE IN FUND BALANCES	138,275	(56,446)	171,174	(1,671)	(121,116)	(74,412)
FUND BALANCES, October 1	41,642	159,736	891,316	34,700	377,807	482,543
FUND BALANCES, September 30	\$ 179,917	\$ 103,290	\$ 1,062,490	\$ 33,029	\$ 256,691	\$ 408,131

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	SPECIAL REVENUE FUNDS (continued)				DEBT SERVICE FUNDS
	COLLEGE PARK TAX INCREMENT FUND	EASTSIDE TAX INCREMENT FUND	ART IN PUBLIC PLACES TRUST FUND	SCHOOL CROSSING GUARD TRUST FUND	FFGFC SERIES 1992
REVENUES					
Taxes	\$ 344,391	\$ 36,996	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	56,053	-
Miscellaneous	45,792	1,465	78	5,024	(15)
TOTAL REVENUES	390,183	38,461	78	61,077	(15)
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	826,931	11,597	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	826,931	11,597	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(436,748)	26,864	78	61,077	(15)
OTHER FINANCING SOURCES (USES)					
Debt Issuance	-	-	-	-	-
Transfers In	209,564	21,116	-	-	135
Transfers Out	(20,186)	-	(9,000)	(80,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	189,378	21,116	(9,000)	(80,000)	135
NET CHANGE IN FUND BALANCES	(247,370)	47,980	(8,922)	(18,923)	120
FUND BALANCES, October 1	1,055,827	-	2,092	166,151	(120)
FUND BALANCES, September 30	\$ 808,457	\$ 47,980	\$ (6,830)	\$ 147,228	\$ -

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

DEBT SERVICE FUNDS (continued)					
	FFGFC SERIES 1996	FFGFC SERIES 1998	FFGFC SERIES 2001	FFGFC SERIES 2002	GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 1994
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	1,095,679
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	29,126	1,614	1,920	1,699	26,486
TOTAL REVENUES	29,126	1,614	1,920	1,699	1,122,165
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	340,000	930,000	535,000	325,000	495,000
Interest and Fiscal Charges	178,234	452,372	91,196	450,164	599,891
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	518,234	1,382,372	626,196	775,164	1,094,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(489,108)	(1,380,758)	(624,276)	(773,465)	27,274
OTHER FINANCING SOURCES (USES)					
Debt Issuance	-	-	-	-	-
Transfers In	458,778	1,383,773	625,600	773,296	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	458,778	1,383,773	625,600	773,296	-
NET CHANGE IN FUND BALANCES	(30,330)	3,015	1,324	(169)	27,274
FUND BALANCES, October 1	757,752	31,896	17,884	49,820	209,608
FUND BALANCES, September 30	\$ 727,422	\$ 34,911	\$ 19,208	\$ 49,651	\$ 236,882

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>DEBT SERVICE FUNDS (continued)</u>			<u>CAPITAL PROJECTS FUNDS</u>	
	PENSION OBLIGATION BOND SERIES <u>2003A</u>	PENSION OBLIGATION BOND SERIES <u>2003B</u>	CRA PROMISSORY NOTES	GENERAL CAPITAL PROJECTS FUND	GREENSPACE ACQUISITION FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 4,066	\$ -
Intergovernmental	-	-	-	415,643	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	15,686	32,221	-	222,205	1,756
TOTAL REVENUES	<u>15,686</u>	<u>32,221</u>	<u>-</u>	<u>641,914</u>	<u>1,756</u>
EXPENDITURES					
Current:					
General Government	38,634,133	47,728,526	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	2,645	-	16,200
Interest and Fiscal Charges	599,204	1,238,275	6,155	-	-
Bond Issuance Costs	808,837	884,194	-	-	-
Capital Outlay	-	-	-	1,847,238	-
TOTAL EXPENDITURES	<u>40,042,174</u>	<u>49,850,995</u>	<u>8,800</u>	<u>1,847,238</u>	<u>16,200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,026,488)</u>	<u>(49,818,774)</u>	<u>(8,800)</u>	<u>(1,205,324)</u>	<u>(14,444)</u>
OTHER FINANCING SOURCES (USES)					
Debt Issuance	40,042,953	49,851,806	-	-	-
Transfers In	-	-	8,800	1,761,883	-
Transfers Out	-	-	-	(181,131)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,042,953</u>	<u>49,851,806</u>	<u>8,800</u>	<u>1,580,752</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>16,465</u>	<u>33,032</u>	<u>-</u>	<u>375,428</u>	<u>(14,444)</u>
FUND BALANCES, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,786</u>	<u>73,984</u>
FUND BALANCES, September 30	<u>\$ 16,465</u>	<u>\$ 33,032</u>	<u>\$ -</u>	<u>\$ 1,010,214</u>	<u>\$ 59,540</u>

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

CAPITAL PROJECTS FUNDS

	PUBLIC IMPROVEMENT CONSTRUCTION FUND	INFORMATION SYSTEMS CAPITAL PROJECTS FUND	ROADWAY CONSTRUCTION FUND 96	COMMUNICATION EQUIPMENT PROJECT FUND 98	CAPITAL ACQUISITIONS FROM DEBT REFUNDING 98
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,000	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	3,247	645	54,243	5,243	1,737
TOTAL REVENUES	3,247	645	64,243	5,243	1,737
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay	7,950	1,499	1,069,324	134,852	3,083
TOTAL EXPENDITURES	7,950	1,499	1,069,324	134,852	3,083
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,703)	(854)	(1,005,081)	(129,609)	(1,346)
OTHER FINANCING SOURCES (USES)					
Debt Issuance	-	-	-	-	-
Transfers In	-	-	5,000	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,000	-	-
NET CHANGE IN FUND BALANCES	(4,703)	(854)	(1,000,081)	(129,609)	(1,346)
FUND BALANCES, October 1	281,586	22,470	2,364,898	192,839	59,648
FUND BALANCES, September 30	\$ 276,883	\$ 21,616	\$ 1,364,817	\$ 63,230	\$ 58,302

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

CAPITAL PROJECTS FUNDS (continued)

	COURTHOUSE PARKING GARAGE	FLEET ACQUISITION FUND 01	CAPITAL PROJECTS FUND 02	DOWNTOWN PARKING GARAGE FUND 02	FIFTH AVENUE/ PLEASANT ST. REHAB. PROJ. FUND 02	DOWNTOWN PARKING GARAGE SALES TAX FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,750,000
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	14,615	5,366	208,799	34,387	18,360	159,909
TOTAL REVENUES	14,615	5,366	208,799	34,387	18,360	2,909,909
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay	461,369	423,775	2,029,494	24,538	185,243	26,425
TOTAL EXPENDITURES	461,369	423,775	2,029,494	24,538	185,243	26,425
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(446,754)	(418,409)	(1,820,695)	9,849	(166,883)	2,883,484
OTHER FINANCING SOURCES (USES)						
Debt Issuance	-	-	-	-	-	-
Transfers In	823,636	-	-	479,717	-	-
Transfers Out	(479,717)	-	(15,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	343,919	-	(15,000)	479,717	-	-
NET CHANGE IN FUND BALANCES	(102,835)	(418,409)	(1,835,695)	489,566	(166,883)	2,883,484
FUND BALANCES, October 1	663,863	485,206	7,564,204	968,216	664,186	2,786,779
FUND BALANCES, September 30	\$ 561,028	\$ 66,797	\$ 5,728,509	\$ 1,457,782	\$ 497,303	\$ 5,670,263

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES	
Taxes	\$ 3,563,110
Intergovernmental	7,686,132
Charges for Services	1,487,247
Fines and Forfeitures	5,088,260
Miscellaneous	<u>1,809,630</u>
TOTAL REVENUES	<u>19,634,379</u>
EXPENDITURES	
Current:	
General Government	86,631,266
Public Safety	2,357,558
Physical Environment	406,019
Transportation	1,077
Economic Environment	4,356,399
Human Services	1,490,005
Culture and Recreation	2,358,617
Debt Service:	
Principal	2,643,845
Interest and Fiscal Charges	3,615,491
Bond Issuance Costs	1,693,031
Capital Outlay	<u>6,214,790</u>
TOTAL EXPENDITURES	<u>111,768,098</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(92,133,719)</u>
OTHER FINANCING SOURCES (USES)	
Debt Issuance	89,894,759
Transfers In	7,497,396
Transfers Out	<u>(1,177,778)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>96,214,377</u>
NET CHANGE IN FUND BALANCES	4,080,658
FUND BALANCES, October 1	<u>24,199,899</u>
FUND BALANCES, September 30	<u>\$ 28,280,557</u>

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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	\$ 1,615,089	\$ -	\$ 1,615,089	\$ 2,463,002	\$ (847,913)
Charges for Services	75,408	-	75,408	73,007	2,401
Miscellaneous	44,112	-	44,112	42,901	1,211
TOTAL REVENUES	1,734,609	-	1,734,609	2,578,910	(844,301)
<u>EXPENDITURES</u>					
Economic Environment	<u>1,734,609</u>	<u>372,716</u>	<u>2,107,325</u>	<u>2,583,686</u>	<u>476,361</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ (372,716)	\$ (372,716)	\$ (4,776)	\$ (367,940)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
URBAN DEVELOPMENT ACTION GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Principal Payments	\$ 191,079	\$ -	\$ 191,079	\$ 191,274	\$ (195)
Investment Income	43,680	-	43,680	43,680	-
TOTAL REVENUES	234,759	-	234,759	234,954	(195)
 <u>OTHER FINANCING USES</u>					
Transfers Out	(78,009)	-	(78,009)	(78,009)	-
 NET CHANGE IN FUND BALANCES	 \$ 156,750	 \$ -	 \$ 156,750	 \$ 156,945	 \$ (195)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
HOME GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Intergovernmental	\$ 602,259	\$ -	\$ 602,259	\$ 1,392,348	\$ (790,089)
Charges for Services	197,857	-	197,857	173,076	24,781
Miscellaneous	19,202	-	19,202	35,874	(16,672)
TOTAL REVENUES	819,318	-	819,318	1,601,298	(781,980)
EXPENDITURES					
Economic Environment	819,317	654,186	1,473,503	1,601,298	127,795
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1	\$ (654,186)	\$ (654,185)	\$ -	\$ (654,185)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
MISCELLANEOUS GIFTS AND GRANTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Intergovernmental	\$ 3,739,314	\$ -	\$ 3,739,314	\$ 3,739,314	\$ -
Miscellaneous:					
Investment Income	116,584	-	116,584	116,584	-
Other	82,672	-	82,672	82,672	-
Total Miscellaneous	<u>199,256</u>	<u>-</u>	<u>199,256</u>	<u>199,256</u>	<u>-</u>
TOTAL REVENUES	<u>3,938,570</u>	<u>-</u>	<u>3,938,570</u>	<u>3,938,570</u>	<u>-</u>
EXPENDITURES					
Public Safety	1,820,889	84,727	1,905,616	1,905,616	-
Physical Environment	406,019	384,073	790,092	790,092	-
Human Services	1,490,005	230,319	1,720,324	1,720,324	-
Culture and Recreation	1,299,126	215,671	1,514,797	1,514,797	-
TOTAL EXPENDITURES	<u>5,016,039</u>	<u>914,790</u>	<u>5,930,829</u>	<u>5,930,829</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,077,469)</u>	<u>(914,790)</u>	<u>(1,992,259)</u>	<u>(1,992,259)</u>	<u>-</u>
OTHER FINANCING SOURCES(USES)					
Transfers In	432,901	-	432,901	432,901	-
Transfers Out	(11,136)	-	(11,136)	(11,136)	-
TOTAL OTHER FINANCING SOURCES(USES)	<u>421,765</u>	<u>-</u>	<u>421,765</u>	<u>421,765</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (655,704)</u>	<u>\$ (914,790)</u>	<u>\$ (1,570,494)</u>	<u>\$ (1,570,494)</u>	<u>\$ -</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CULTURAL AND NATURE PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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:					
Rents and Fees	\$ 447,687	\$ -	\$ 447,687	\$ 817,864	\$ (370,177)
Miscellaneous:					
Investment Income	6,158	-	6,158	6,000	158
TOTAL REVENUES	453,845	-	453,845	823,864	(370,019)
<u>EXPENDITURES</u>					
Culture and Recreation	<u>580,850</u>	<u>4,200</u>	<u>585,050</u>	<u>933,179</u>	<u>348,129</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(127,005)	(4,200)	(131,205)	(109,315)	(21,890)
<u>OTHER FINANCING SOURCES</u>					
Transfers In	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ (117,005)	\$ (4,200)	\$ (121,205)	\$ (99,315)	\$ (21,890)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STATE LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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	\$ 3,313	\$ -	\$ 3,313	\$ 3,313	\$ -
Miscellaneous:					
Investment Income	1,104	-	1,104	1,104	-
Other Miscellaneous	2,898	-	2,898	2,898	-
Total Miscellaneous	4,002	-	4,002	4,002	-
TOTAL REVENUES	7,315	-	7,315	7,315	-
<u>EXPENDITURES</u>					
Public Safety	18,689	-	18,689	18,689	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (11,374)	\$ -	\$ (11,374)	\$ (11,374)	\$ -

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FEDERAL LAW ENFORCEMENT CONTRABAND FORFEITURE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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	\$ 5,028,894	\$ -	\$ 5,028,894	\$ 5,028,894	\$ -
Miscellaneous:					
Investment Income	86,990	-	86,990	86,990	-
TOTAL REVENUES	5,115,884	-	5,115,884	5,115,884	-
<u>EXPENDITURES</u>					
Public Safety	464,998	196,462	661,460	661,460	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 4,650,886	\$ (196,462)	\$ 4,454,424	\$ 4,454,424	\$ -

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STREET, SIDEWALK AND DITCH IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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	\$ 3,705	\$ -	\$ 3,705	\$ 4,000	\$ (295)
Other	4,776	-	4,776	-	4,776
TOTAL REVENUES	8,481	-	8,481	4,000	4,481
<u>EXPENDITURES</u>	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ 8,481	\$ -	\$ 8,481	\$ 4,000	\$ 4,481

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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:					
Rents and Fees	\$ 109,554	\$ -	\$ 109,554	\$ 115,797	\$ (6,243)
Miscellaneous:					
Investment Income	<u>9,515</u>	<u>-</u>	<u>9,515</u>	<u>-</u>	<u>9,515</u>
TOTAL REVENUES	119,069	-	119,069	115,797	3,272
<u>EXPENDITURES</u>					
Economic Environment	<u>245,550</u>	<u>2,775</u>	<u>248,325</u>	<u>412,730</u>	<u>164,405</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(126,481)	(2,775)	(129,256)	(296,933)	167,677
<u>OTHER FINANCING SOURCES</u>					
Transfers In	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ (1,481)	\$ (2,775)	\$ (4,256)	\$ (171,933)	\$ 167,677

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Charges for Services:					
Rents and Fees	\$ 92,217	\$ -	\$ 92,217	\$ 92,217	\$ -
Miscellaneous:					
Investment Income	7,948	-	7,948	7,948	-
TOTAL REVENUES	100,165	-	100,165	100,165	-
EXPENDITURES					
Transportation	1,077	83,746	84,823	84,823	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ 99,088	\$ (83,746)	\$ 15,342	\$ 15,342	\$ -

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
RECREATION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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	\$ 196,384	\$ -	\$ 196,384	\$ 196,384	\$ -
Miscellaneous:					
Contributions and Donations	31,620	-	31,620	31,620	-
Investment Income	1,623	-	1,623	1,623	-
Total Miscellaneous	33,243	-	33,243	33,243	-
TOTAL REVENUES	229,627	-	229,627	229,627	-
<u>EXPENDITURES</u>					
Culture and Recreation	204,800	18,495	223,295	250,707	27,412
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,827	(18,495)	6,332	(21,080)	27,412
<u>OTHER FINANCING USES</u>					
Transfers Out	(26,730)	-	(26,730)	-	(26,730)
NET CHANGE IN FUND BALANCES	\$ (1,903)	\$ (18,495)	\$ (20,398)	\$ (21,080)	\$ 682

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
MISCELLANEOUS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Charges for Services	\$ 339,753	\$ -	\$ 339,753	\$ 309,000	\$ 30,753
Miscellaneous:					
Contributions and Donations	11,277	-	11,277	-	11,277
Investment Income	532	-	532	-	532
Total Miscellaneous	11,809	-	11,809	-	11,809
TOTAL REVENUES	351,562	-	351,562	309,000	42,562
EXPENDITURES					
General Government	268,607	-	268,607	364,801	96,194
Public Safety	52,982	-	52,982	54,000	1,018
Culture and Recreation	6,499	-	6,499	5,000	(1,499)
TOTAL EXPENDITURES	328,088	-	328,088	423,801	95,713
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,474	-	23,474	(114,801)	138,275
OTHER FINANCING SOURCES					
Transfers In	114,801	-	114,801	114,801	-
NET CHANGE IN FUND BALANCES	\$ 138,275	\$ -	\$ 138,275	\$ -	\$ 138,275

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
TOURIST DESTINATION ENHANCEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Intergovernmental	\$ 208,148	\$ -	\$ 208,148	\$ 208,148	\$ -
EXPENDITURES					
Culture and Recreation	<u>264,594</u>	<u>-</u>	<u>264,594</u>	<u>264,594</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (56,446)</u>	<u>\$ -</u>	<u>\$ (56,446)</u>	<u>\$ (56,446)</u>	<u>\$ -</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
EVERGREEN CEMETERY TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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	\$ 28,387	\$ -	\$ 28,387	\$ 21,000	\$ 7,387
Miscellaneous:					
Investment Income	<u>185,294</u>	<u>-</u>	<u>185,294</u>	<u>40,857</u>	<u>144,437</u>
TOTAL REVENUES	213,681	-	213,681	61,857	151,824
<u>EXPENDITURES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	213,681	-	213,681	61,857	151,824
<u>OTHER FINANCING USES</u>					
Transfers Out	<u>(42,507)</u>	<u>-</u>	<u>(42,507)</u>	<u>(42,507)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 171,174</u>	<u>\$ -</u>	<u>\$ 171,174</u>	<u>\$ 19,350</u>	<u>\$ 151,824</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
THOMAS CENTER FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Investment Income	\$ 1,077	\$ -	\$ 1,077	\$ 1,000	\$ 77
<u>EXPENDITURES</u>					
Culture and Recreation	<u>2,748</u>	<u>-</u>	<u>2,748</u>	<u>2,748</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,671)</u>	<u>\$ -</u>	<u>\$ (1,671)</u>	<u>\$ (1,748)</u>	<u>\$ 77</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FIFTH AVENUE TAX INCREMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Taxes	\$ 75,851	\$ -	\$ 75,851	\$ 75,851	\$ -
Miscellaneous:					
Investment Income	10,551	-	10,551	10,551	-
Other	35,286	-	35,286	35,286	-
Total Miscellaneous	45,837	-	45,837	45,837	-
TOTAL REVENUES	121,688	-	121,688	121,688	-
<u>EXPENDITURES</u>					
Economic Environment	232,025	91,271	323,296	323,296	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(110,337)	(91,271)	(201,608)	(201,608)	-
<u>OTHER FINANCING SOURCES(USES)</u>					
Transfers In	45,187	-	45,187	45,187	-
Transfers Out	(55,966)	-	(55,966)	(55,966)	-
TOTAL OTHER FINANCING SOURCES(USES)	(10,779)	-	(10,779)	(10,779)	-
NET CHANGE IN FUND BALANCES	\$ (121,116)	\$ (91,271)	\$ (212,387)	\$ (212,387)	\$ -

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT TAX INCREMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Taxes	\$ 351,806	\$ -	\$ 351,806	\$ 351,806	\$ -
Miscellaneous:					
Investment Income	<u>20,339</u>	<u>-</u>	<u>20,339</u>	<u>20,339</u>	<u>-</u>
TOTAL REVENUES	<u>372,145</u>	<u>-</u>	<u>372,145</u>	<u>372,145</u>	<u>-</u>
EXPENDITURES					
Economic Environment	<u>486,370</u>	<u>8,108</u>	<u>494,478</u>	<u>494,478</u>	<u>-</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(114,225)</u>	<u>(8,108)</u>	<u>(122,333)</u>	<u>(122,333)</u>	<u>-</u>
OTHER FINANCING SOURCES(USES)					
Transfers In	218,209	-	218,209	218,209	-
Transfers Out	<u>(178,396)</u>	<u>-</u>	<u>(178,396)</u>	<u>(178,396)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES(USES)	<u>39,813</u>	<u>-</u>	<u>39,813</u>	<u>39,813</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (74,412)</u>	<u>\$ (8,108)</u>	<u>\$ (82,520)</u>	<u>\$ (82,520)</u>	<u>\$ -</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COLLEGE PARK TAX INCREMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Taxes	\$ 344,391	\$ -	\$ 344,391	\$ 344,391	\$ -
Miscellaneous:				-	
Investment Income	39,002	-	39,002	39,002	-
Other	6,790	-	6,790	6,790	-
Total Miscellaneous	45,792	-	45,792	45,792	-
TOTAL REVENUES	390,183	-	390,183	390,183	-
<u>EXPENDITURES</u>					
Economic Environment	826,931	19,094	846,025	846,025	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(436,748)	(19,094)	(455,842)	(455,842)	-
<u>OTHER FINANCING SOURCES(USES)</u>					
Transfers In	209,564	-	209,564	209,564	-
Transfers Out	(20,186)	-	(20,186)	(105,555)	85,369
TOTAL OTHER FINANCING SOURCES(USES)	189,378	-	189,378	104,009	85,369
NET CHANGE IN FUND BALANCES	\$ (247,370)	\$ (19,094)	\$ (266,464)	\$ (351,833)	\$ 85,369

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
EASTSIDE TAX INCREMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Taxes	\$ 36,996	\$ -	\$ 36,996	\$ 36,996	\$ -
Miscellaneous:					
Investment Income	1,465	-	1,465	1,465	-
TOTAL REVENUES	38,461	-	38,461	38,461	-
EXPENDITURES					
Economic Environment	11,597	-	11,597	11,597	-
EXCESS OF REVENUES OVER EXPENDITURES	26,864	-	26,864	26,864	-
OTHER FINANCING SOURCES(USES)					
Transfers In	21,116	-	21,116	21,116	-
Transfers Out	-	-	-	(11,597)	11,597
TOTAL OTHER FINANCING SOURCES(USES)	21,116	-	21,116	9,519	11,597
NET CHANGE IN FUND BALANCES	\$ 47,980	\$ -	\$ 47,980	\$ 36,383	\$ 11,597

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.

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

Ironwood Golf Course Fund - to account for the operations of the City owned golf course.

Solid Waste Fund - to account for the City's refuse collection program. The actual collections are performed by private contractors (Waste Management, Inc. and Boone Waste Industries).

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ART IN PUBLIC PLACES TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<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	\$ 78	\$ -	\$ 78	\$ 78	\$ -
<u>EXPENDITURES</u>	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	78	-	78	78	-
<u>OTHER FINANCING USES</u>					
Transfers Out	(9,000)	-	(9,000)	(9,000)	-
NET CHANGE IN FUND BALANCES	<u>\$ (8,922)</u>	<u>\$ -</u>	<u>\$ (8,922)</u>	<u>\$ (8,922)</u>	<u>\$ -</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SCHOOL CROSSING GUARD TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
REVENUES					
Fines and Forfeitures	\$ 56,053	\$ -	\$ 56,053	\$ 55,000	\$ 1,053
Miscellaneous:					
Investment Income	5,024	-	5,024	2,000	3,024
TOTAL REVENUES	61,077	-	61,077	57,000	4,077
EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	61,077	-	61,077	57,000	4,077
OTHER FINANCING USES					
Transfers Out	(80,000)	-	(80,000)	(80,000)	-
NET CHANGE IN FUND BALANCES	\$ (18,923)	\$ -	\$ (18,923)	\$ (23,000)	\$ 4,077

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 1992
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ (15)	\$ -	\$ (15)
<u>EXPENDITURES</u>			
	-	-	-
EXCESS OF REVENUES UNDER EXPENDITURES			
	(15)	-	(15)
<u>OTHER FINANCING SOURCES</u>			
Transfers In	135	135	-
NET CHANGE IN FUND BALANCES	\$ 120	\$ 135	\$ (15)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 1996
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 29,126	\$ 31,000	\$ (1,874)
<u>EXPENDITURES</u>			
Debt Service:			
Principal	340,000	340,000	-
Interest and Fiscal Charges	178,234	179,243	1,009
TOTAL EXPENDITURES	518,234	519,243	1,009
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(489,108)	(488,243)	(865)
<u>OTHER FINANCING SOURCES</u>			
Transfers In	458,778	458,778	-
NET CHANGE IN FUND BALANCES	\$ (30,330)	\$ (29,465)	\$ (865)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 1998
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 1,614	\$ 2,000	\$ (386)
<u>EXPENDITURES</u>			
Debt Service:			
Principal	930,000	930,000	-
Interest and Fiscal Charges	<u>452,372</u>	<u>455,773</u>	<u>3,401</u>
TOTAL EXPENDITURES	<u>1,382,372</u>	<u>1,385,773</u>	<u>3,401</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,380,758)	(1,383,773)	3,015
<u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>1,383,773</u>	<u>1,383,773</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 3,015</u>	<u>\$ -</u>	<u>\$ 3,015</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2001
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 1,920	\$ 1,920	\$ -
<u>EXPENDITURES</u>			
Debt Service:			
Principal	535,000	535,000	-
Interest and Fiscal Charges	91,196	92,520	1,324
TOTAL EXPENDITURES	626,196	627,520	1,324
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(624,276)	(625,600)	1,324
<u>OTHER FINANCING SOURCES</u>			
Transfers In	625,600	625,600	-
NET CHANGE IN FUND BALANCES	\$ 1,324	\$ -	\$ 1,324

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2002
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 1,699	\$ 1,698	\$ 1
<u>EXPENDITURES</u>			
Debt Service:			
Principal	325,000	325,000	-
Interest	450,164	450,165	1
TOTAL EXPENDITURES	775,164	775,165	1
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(773,465)	(773,467)	2
<u>OTHER FINANCING SOURCES</u>			
Transfers In	773,296	773,296	-
NET CHANGE IN FUND BALANCES	\$ (169)	\$ (171)	\$ 2

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 1994
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental:			
State Revenue Sharing	\$ 1,095,679	\$ 1,095,679	\$ -
Miscellaneous:			
Investment Income	<u>26,486</u>	<u>10,000</u>	<u>16,486</u>
TOTAL REVENUES	<u>1,122,165</u>	<u>1,105,679</u>	<u>16,486</u>
<u>EXPENDITURES</u>			
Debt Service:			
Principal	495,000	495,000	-
Interest and Fiscal Charges	<u>599,891</u>	<u>600,892</u>	<u>1,001</u>
TOTAL EXPENDITURES	<u>1,094,891</u>	<u>1,095,892</u>	<u>1,001</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 27,274</u>	<u>\$ 9,787</u>	<u>\$ 17,487</u>

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

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 15,686	\$ 9,000	\$ 6,686
<u>EXPENDITURES</u>			
General Government:			
Employer Contribution to Pension Plan	38,634,133	38,634,133	-
Debt Service:			
Interest & Fiscal Charges	599,204	608,204	9,000
Bond Issuance Costs	<u>808,837</u>	<u>809,616</u>	<u>779</u>
TOTAL EXPENDITURES	<u>40,042,174</u>	<u>40,051,953</u>	<u>9,779</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,026,488)	(40,042,953)	16,465
<u>OTHER FINANCING SOURCES</u>			
Debt Issuance	<u>40,042,953</u>	<u>40,042,953</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 16,465</u>	<u>\$ -</u>	<u>\$ 16,465</u>

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

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 32,221	\$ 18,000	\$ 14,221
<u>EXPENDITURES</u>			
General Government:			
Employer Contribution to Pension Plan	47,728,526	47,728,526	-
Debt Service:			
Interest & Fiscal Charges	1,238,275	1,256,275	18,000
Bond Issuance Costs	884,194	885,005	811
TOTAL EXPENDITURES	49,850,995	49,869,806	18,811
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,818,774)	(49,851,806)	33,032
<u>OTHER FINANCING SOURCES</u>			
Debt Issuance	49,851,806	49,851,806	-
NET CHANGE IN FUND BALANCES	\$ 33,032	\$ -	\$ 33,032

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CRA PROMISSORY NOTES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>			
Debt Service:			
Principal	2,645	2,645	-
Interest and Fiscal Charges	<u>6,155</u>	<u>6,155</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,800</u>	<u>8,800</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,800)	(8,800)	-
<u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>8,800</u>	<u>8,800</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2003

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 1,399,625	\$ 5,530,154	\$ 3,400
Receivables	1,553,289	97,891	15,167
Due from Other Funds	1,287	372,659	-
Inventories	428,500	-	37,093
Total Current Assets	<u>3,382,701</u>	<u>6,000,704</u>	<u>55,660</u>
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Buildings	1,357,562	49,929	650,721
Improvements other than buildings	32,508	-	338,422
Machinery and equipment	7,212,082	45,381	228,600
Infrastructure	-	4,812,684	-
Capital Assets (not depreciated):			
Land	434,765	1,084,510	520,265
Construction in progress	128,023	2,581,746	2,350
Total Noncurrent Assets	<u>9,164,940</u>	<u>8,574,250</u>	<u>1,740,358</u>
TOTAL ASSETS	<u>12,547,641</u>	<u>14,574,954</u>	<u>1,796,018</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	5,524	242,452	15,350
Accounts Payable - Payroll	334,114	95,188	16,685
Due to Other Funds	-	31,590	909,649
Current Portion of Long-term Debt	1,009,354	2,483	311
Total Current Liabilities	<u>1,348,992</u>	<u>371,713</u>	<u>941,995</u>
Noncurrent Liabilities:			
Long-Term Debt	1,233,841	173,029	7,767
Other noncurrent liabilities	-	-	195,907
Total Noncurrent Liabilities	<u>1,233,841</u>	<u>173,029</u>	<u>203,674</u>
TOTAL LIABILITIES	<u>2,582,833</u>	<u>544,742</u>	<u>1,145,669</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,164,940	8,501,310	1,740,358
Unrestricted	2,799,868	5,528,902	(1,090,009)
TOTAL NET ASSETS	<u>\$ 9,964,808</u>	<u>\$ 14,030,212</u>	<u>\$ 650,349</u>

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2003

	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 395,632	\$ 7,328,811
Receivables	317,062	1,983,409
Due from Other Funds	375,126	749,072
Inventories	-	465,593
Total Current Assets	1,087,820	10,526,885
Noncurrent Assets:		
Capital Assets (net of accumulated depreciation):		
Buildings	-	2,058,212
Improvements other than buildings	14,700	385,630
Machinery and equipment	114,498	7,600,561
Infrastructure	-	4,812,684
Capital Assets (not depreciated):		
Land	100,989	2,140,529
Construction in progress	273,428	2,985,547
Total Noncurrent Assets	503,615	19,983,163
TOTAL ASSETS	1,591,435	30,510,048
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	559,711	823,037
Accounts Payable - Payroll	26,071	472,058
Due to Other Funds	18,132	959,371
Current Portion of Long-term Debt	894	1,013,042
Total Current Liabilities	604,808	3,267,508
Noncurrent Liabilities:		
Long-Term Debt	22,337	1,436,974
Other noncurrent liabilities	-	195,907
Total Noncurrent Liabilities	22,337	1,632,881
TOTAL LIABILITIES	627,145	4,900,389
NET ASSETS		
Invested in capital assets, net of related debt	503,615	17,910,223
Unrestricted	460,675	7,699,436
TOTAL NET ASSETS	\$ 964,290	\$ 25,609,659

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES					
Sales and Service Charges	\$ 6,259,174	\$ 5,022,167	\$ 902,413	\$ 5,614,667	\$ 17,798,421
Other Operating Revenues	22,205	-	-	-	22,205
TOTAL OPERATING REVENUES	6,281,379	5,022,167	902,413	5,614,667	17,820,626
OPERATING EXPENSES					
Operations and Maintenance	10,463,503	3,514,972	981,588	5,692,782	20,652,845
Administrative and General	1,282,284	325,068	427,068	-	2,034,420
Depreciation and Amortization	1,374,258	190,981	123,709	17,800	1,706,748
TOTAL OPERATING EXPENSES	13,120,045	4,031,021	1,532,365	5,710,582	24,394,013
OPERATING INCOME (LOSS)	(6,838,666)	991,146	(629,952)	(95,915)	(6,573,387)
NON OPERATING REVENUES (EXPENSES)					
Investment Income	(8,042)	172,240	(23,519)	29,655	170,334
Gain(Loss) on Disposal of Fixed Assets	7,048	(56,440)	-	7	(49,385)
Local Option Gas Tax	2,127,858	-	-	-	2,127,858
Operating Grants	2,840,352	-	-	-	2,840,352
TOTAL NON OPERATING REVENUE(EXPENSES)	4,967,216	115,800	(23,519)	29,662	5,089,159
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,871,450)	1,106,946	(653,471)	(66,253)	(1,484,228)
Capital Contributions	1,499,313	796,531	-	-	2,295,844
Transfers In	442,160	-	125,000	-	567,160
Transfers Out	-	(198,449)	(219,517)	(600,000)	(1,017,966)
CHANGE IN NET ASSETS	70,023	1,705,028	(747,988)	(666,253)	360,810
TOTAL NET ASSETS					
October 1	9,894,785	12,325,184	1,398,337	1,630,543	25,248,849
TOTAL NET ASSETS					
September 30	\$ 9,964,808	\$ 14,030,212	\$ 650,349	\$ 964,290	\$ 25,609,659

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash Received from Customers	\$ 6,155,909	\$ 4,865,316	\$ 888,646	\$ 5,487,554	\$ 17,397,425
Cash Paid to Suppliers	(6,631,702)	(1,588,076)	(1,009,426)	(5,082,417)	(14,311,621)
Cash Paid to Employees	(5,100,276)	(1,996,891)	(401,185)	(550,065)	(8,048,417)
Other Operating Receipts	-	-	693,648	-	693,648
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(5,576,069)</u>	<u>1,280,349</u>	<u>171,683</u>	<u>(144,928)</u>	<u>(4,268,965)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Local Option Gas Tax	2,094,517	-	-	-	2,094,517
Operating Grants	2,306,723	-	-	-	2,306,723
Other Receipts	4,648	-	-	-	4,648
Interest Paid	(5,642)	-	(23,519)	-	(29,161)
Transfers from Other Funds	440,873	-	125,000	-	565,873
Transfers to Other Funds	-	(198,449)	(219,517)	(600,000)	(1,017,966)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>4,841,119</u>	<u>(198,449)</u>	<u>(118,036)</u>	<u>(600,000)</u>	<u>3,924,634</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Principal Repayments on Long-Term Debt	(1,000,000)	-	-	-	(1,000,000)
Proceeds from Sale of Fixed Assets	-	18,630	-	7	18,637
Capital Contributions	2,245,182	-	-	-	2,245,182
Acquisition and Construction of Fixed Assets	(853,237)	(1,162,302)	(50,247)	(295,426)	(2,361,212)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>391,945</u>	<u>(1,143,672)</u>	<u>(50,247)</u>	<u>(295,419)</u>	<u>(1,097,393)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest Received	-	230,831	-	29,655	260,486
Purchase of Investments	(976,413)	(3,857,971)	(2,372)	(276,003)	(5,112,759)
Proceeds from Investment Maturities	1,054,291	3,220,319	-	850,826	5,125,436
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>77,878</u>	<u>(406,821)</u>	<u>(2,372)</u>	<u>604,478</u>	<u>273,163</u>
NET INCREASE (DECREASE) IN CASH	<u>(265,127)</u>	<u>(468,593)</u>	<u>1,028</u>	<u>(435,869)</u>	<u>(1,168,561)</u>
CASH - OCTOBER 1, 2002	<u>688,339</u>	<u>2,140,776</u>	<u>-</u>	<u>555,498</u>	<u>3,384,613</u>
CASH - SEPTEMBER 30, 2003	<u>\$ 423,212</u>	<u>\$ 1,672,183</u>	<u>\$ 1,028</u>	<u>\$ 119,629</u>	<u>\$ 2,216,052</u>

(continued)

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.

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

Ironwood Golf Course Fund - to account for the operations of the City owned golf course.

Solid Waste Fund - to account for the City's refuse collection program. The actual collections are performed by private contractors (Waste Management, Inc. and Boone Waste Industries).

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>REGIONAL TRANSIT SYSTEM FUND</u>	<u>STORMWATER MANAGEMENT UTILITY FUND</u>	<u>IRONWOOD GOLF COURSE FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
OPERATING INCOME (LOSS)	\$ (6,838,666)	\$ 991,146	\$ (629,952)	\$ (95,915)	\$ (6,573,387)
ADJUSTMENTS TO RECONCILE OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES:					
Depreciation and Amortization	1,374,258	190,981	123,709	17,800	1,706,748
(Increase)/Decrease in Receivables	(125,469)	(156,851)	(13,767)	(91,328)	(387,415)
(Increase)/Decrease in Inventories	(73,914)	-	3,514	-	(70,400)
(Increase)/Decrease in Due from Other Funds	-	-	-	(35,785)	(35,785)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	89,202	255,073	(5,469)	60,300	399,106
Increase/(Decrease) in Due to Other Funds	(1,480)	-	693,648	-	692,168
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (5,576,069)	\$ 1,280,349	\$ 171,683	\$ (144,928)	\$ (4,268,965)

**RECONCILIATION OF CASH TO
BALANCE SHEET**

Cash	\$ 423,212	\$ 1,672,183	\$ 1,028	\$ 119,629	\$ 2,216,052
Investments	976,413	3,857,971	2,372	276,003	5,112,759
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER BALANCE SHEET	\$ 1,399,625	\$ 5,530,154	\$ 3,400	\$ 395,632	\$ 7,328,811

**NONCASH CAPITAL, INVESTING AND
FINANCING ACTIVITIES**

Change in Fair Value of Investments	(15,036)	(58,591)	-	850,826	777,199
-------------------------------------	----------	----------	---	---------	---------

(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' health and accident claims. The plan is externally administered for an annually contracted amount, which is based upon volume of claims.

Retired Employees Health and Accident Benefits Fund - to account for costs associated with administering a self-insurance plan for retired employees' 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 operating a maintenance facility for vehicles used by various City departments.

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2003

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	RETIRED EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 208,531	\$ 193,664	\$ -	\$ 85	\$ 402,280
Equity in Pooled Cash and Investments	3,890,671	541,857	9,233,011	4,401,306	18,066,845
Receivables	121,596	3,040	-	3,870	128,506
Due from Other Funds	99,300	-	-	152,617	251,917
Inventories	-	-	-	145,873	145,873
Prepaid Expenses	35,843	-	-	-	35,843
Total Current Assets	<u>4,355,941</u>	<u>738,561</u>	<u>9,233,011</u>	<u>4,703,751</u>	<u>19,031,264</u>
Noncurrent Assets:					
Capital Assets (net of accumulated depreciation):					
Buildings	-	-	-	117,220	117,220
Machinery and Equipment	12,924	6,418	-	7,760,076	7,779,418
Total Noncurrent Assets	<u>12,924</u>	<u>6,418</u>	<u>-</u>	<u>7,877,296</u>	<u>7,896,638</u>
TOTAL ASSETS	<u>4,368,865</u>	<u>744,979</u>	<u>9,233,011</u>	<u>12,581,047</u>	<u>26,927,902</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	6,728,178	745,064	240,000	79,437	7,792,679
Accounts Payable - Payroll	17,675	10,329	105	58,420	86,529
Due to Other Funds	-	10,000	-	101	10,101
TOTAL LIABILITIES	<u>6,745,853</u>	<u>765,393</u>	<u>240,105</u>	<u>137,958</u>	<u>7,889,309</u>
NET ASSETS					
Invested in capital assets	12,924	6,418	-	7,877,296	7,896,638
Unrestricted	<u>(2,389,912)</u>	<u>(26,832)</u>	<u>8,992,906</u>	<u>4,565,793</u>	<u>11,141,955</u>
TOTAL NET ASSETS	<u>\$ (2,376,988)</u>	<u>\$ (20,414)</u>	<u>\$ 8,992,906</u>	<u>\$ 12,443,089</u>	<u>\$ 19,038,593</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	RETIRED EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
OPERATING REVENUES					
Sales and Service Charges	\$ 5,442,757	\$ -	\$ -	\$ 5,825,819	\$ 11,268,576
Employer Contributions	-	6,081,231	3,380,217	-	9,461,448
Employee Contributions	-	3,403,421	-	-	3,403,421
Retiree Contributions	-	-	1,256,247	-	1,256,247
Other Operating Revenues	117,057	155,497	-	9,285	281,839
TOTAL OPERATING REVENUES	5,559,814	9,640,149	4,636,464	5,835,104	25,671,531
OPERATING EXPENSES					
Operations and Maintenance	4,251,709	1,753,459	4,638	2,485,245	8,495,051
Administrative and General	906,931	211,792	387,649	850,653	2,357,025
Depreciation and Amortization	11,812	6,560	-	1,581,015	1,599,387
Benefits Paid and Other Expenses	-	6,926,289	2,308,738	-	9,235,027
TOTAL OPERATING EXPENSES	5,170,452	8,898,100	2,701,025	4,916,913	21,686,490
OPERATING INCOME	389,362	742,049	1,935,439	918,191	3,985,041
NON OPERATING REVENUES (EXPENSES)					
Interest Revenue	75,500	(28,623)	266,110	100,879	413,866
(Loss) on Disposal of Fixed Assets	-	-	-	(23,473)	(23,473)
TOTAL NON OPERATING REVENUES (EXPENSES)	75,500	(28,623)	266,110	77,406	390,393
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	464,862	713,426	2,201,549	995,597	4,375,434
Capital Contributions	-	-	-	424,525	424,525
Transfers In	-	410,891	-	-	410,891
Transfers Out	-	-	(410,891)	-	(410,891)
CHANGE IN NET ASSETS	464,862	1,124,317	1,790,658	1,420,122	4,799,959
TOTAL NET ASSETS, October 1	(2,841,850)	(1,144,731)	7,202,248	11,022,967	14,238,634
TOTAL NET ASSETS, September 30	\$ (2,376,988)	\$ (20,414)	\$ 8,992,906	\$ 12,443,089	\$ 19,038,593

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	RETIRED EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash Received from Customers	\$ 5,650,234	\$ 9,483,911	\$ 4,636,464	\$ 5,837,307	\$ 25,607,916
Cash Paid to Suppliers	(4,717,426)	(8,778,698)	(2,698,692)	(2,100,404)	(18,295,220)
Cash Paid to Employees	(437,365)	(130,842)	(2,317)	(1,326,251)	(1,896,775)
Other Operating Receipts/Payments	117,057	(388,254)	-	9,285	(261,912)
NET CASH PROVIDED BY OPERATING ACTIVITIES	612,500	186,117	1,935,455	2,419,937	5,154,009
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers from Other Funds	-	410,891	-	-	410,891
Transfers to Other Funds	-	-	(410,891)	-	(410,891)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	410,891	(410,891)	-	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from Sale of Fixed Assets	-	-	-	(19,324)	(19,324)
Acquisition and Construction of Fixed Assets	-	-	-	(2,446,000)	(2,446,000)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	(2,465,324)	(2,465,324)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest Received	113,938	-	359,702	148,449	622,089
Interest Paid	(38,438)	(28,623)	(93,592)	(47,570)	(208,223)
Purchase of Investments	(2,859,704)	(513,117)	(6,441,175)	(3,070,518)	(12,884,514)
Proceeds from Investment Maturities	2,063,777	101,117	4,502,614	2,629,269	9,296,777
NET CASH USED BY INVESTING ACTIVITIES	(720,427)	(440,623)	(1,672,451)	(340,370)	(3,173,871)
NET INCREASE (DECREASE) IN CASH	(107,927)	156,385	(147,887)	(385,757)	(485,186)
CASH - OCTOBER 1	1,347,425	66,019	2,939,723	1,716,630	6,069,797
CASH - SEPTEMBER 30	\$ 1,239,498	\$ 222,404	\$ 2,791,836	\$ 1,330,873	\$ 5,584,611

(continued)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>GENERAL INSURANCE FUND</u>	<u>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</u>	<u>RETIRED EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</u>	<u>FLEET MANAGEMENT FUND</u>	<u>TOTALS</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
OPERATING INCOME	\$ 389,362	\$ 742,049	\$ 1,935,439	\$ 918,191	\$ 3,985,041
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Depreciation and Amortization	11,812	6,560	-	1,581,015	1,599,387
(Increase)/Decrease in Receivables	238,666	(741)	-	19,612	257,537
(Increase)/Decrease in Inventories	-	-	-	(55,471)	(55,471)
(Increase)/Decrease in Due from Other Funds	(31,189)	-	-	(8,225)	(39,414)
(Increase)/Decrease in Prepaid Expenses	2,293	-	-	-	2,293
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	1,556	(28,000)	16	(35,185)	(61,613)
Increase/(Decrease) in Due to Other Funds	-	(533,751)	-	-	(533,751)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 612,500	\$ 186,117	\$ 1,935,455	\$ 2,419,937	\$ 5,154,009
 RECONCILIATION OF CASH TO BALANCE SHEET					
Cash	\$ 1,239,498	\$ 222,404	\$ 2,791,836	\$ 1,330,873	\$ 5,584,611
Investments	2,859,704	513,117	6,441,175	3,070,518	12,884,514
TOTAL CASH AND EQUITY IN POOL PER BALANCE SHEET	\$ 4,099,202	\$ 735,521	\$ 9,233,011	\$ 4,401,391	\$ 18,469,125
 NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES					
Contribution of Capital Assets	\$ -	\$ -	\$ -	424,525	\$ 424,525
Change in Fair Value of Investments	(38,438)	(235)	(93,592)	(47,570)	(179,835)

(concluded)

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Pension Trust Funds are used to account for public employee retirement systems.

The City maintains the following Pension Trust Funds:

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2003

	EMPLOYEES PENSION FUND	POLICE OFFICERS AND FIREFIGHTERS CONSOLIDATED RETIREMENT FUND	TOTALS
ASSETS			
Cash and Cash Equivalents	\$ 2,993,730	\$ 1,418,692	\$ 4,412,422
Equity in Pooled Cash and Investments	1,995,138	127,971	2,123,109
Investments, at fair value	207,582,081	131,900,676	339,482,757
Receivables	-	97,058	97,058
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	212,570,949	133,544,397	346,115,346
LIABILITIES			
Accounts Payable and Accrued Liabilities	14,077	9,514	23,591
	<hr/>	<hr/>	<hr/>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 212,556,872	\$ 133,534,883	\$ 346,091,755
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	EMPLOYEES PENSION FUND	POLICE OFFICERS AND FIREFIGHTERS CONSOLIDATED RETIREMENT FUND	TOTALS
<u>ADDITIONS:</u>			
Contributions:			
Employer Contributions:			
Required	\$ 2,901,910	\$ 2,629,438	\$ 5,531,348
Amount creating negative net pension obligation	<u>38,634,133</u>	<u>47,728,526</u>	<u>86,362,659</u>
Total Employer Contributions	41,536,043	50,357,964	91,894,007
Employee Contributions	11,802,522	2,616,963	14,419,485
State Contributions	<u>-</u>	<u>1,018,653</u>	<u>1,018,653</u>
Total Contributions	<u>53,338,565</u>	<u>53,993,580</u>	<u>107,332,145</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	31,821,533	20,138,390	51,959,923
Dividends & Interest	<u>2,468,816</u>	<u>2,728,450</u>	<u>5,197,266</u>
Total Investment Income	34,290,349	22,866,840	57,157,189
Less Investment Expense	<u>752,721</u>	<u>399,687</u>	<u>1,152,408</u>
Net Investment Income	<u>33,537,628</u>	<u>22,467,153</u>	<u>56,004,781</u>
TOTAL ADDITIONS	<u>86,876,193</u>	<u>76,460,733</u>	<u>163,336,926</u>
<u>DEDUCTIONS:</u>			
Benefit Payments	9,172,320	6,905,565	16,077,885
Refunds of Contributions	587,729	201,980	789,709
Administrative Expenses	<u>284,484</u>	<u>189,999</u>	<u>474,483</u>
TOTAL DEDUCTIONS	<u>10,044,533</u>	<u>7,297,544</u>	<u>17,342,077</u>
CHANGE IN NET ASSETS	76,831,660	69,163,189	145,994,849
NET ASSETS - beginning	<u>135,725,212</u>	<u>64,371,694</u>	<u>200,096,906</u>
NET ASSETS - ending	<u>\$ 212,556,872</u>	<u>\$ 133,534,883</u>	<u>\$ 346,091,755</u>

CITY OF GAINESVILLE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2003

CAPITAL ASSETS

Land	\$ 14,313,806
Buildings	29,043,149
Improvements	5,957,537
Equipment	13,173,736
Infrastructure	124,365,138
Construction in Progress	<u>6,612,157</u>
	193,465,523
Accumulated Depreciation	<u>(103,920,039)</u>

CAPITAL ASSETS, NET **\$ 89,545,484**

INVESTMENT IN CAPITAL ASSETS

General Obligation Bonds	\$ 3,391,870
Revenue Certificates/Notes	10,250,852
General Fund	138,046,701
Gifts and Miscellaneous	7,817,322
County Grants	655,712
State Grants	2,001,997
Federal Grants	9,599,857
Federal Revenue Sharing Funds	2,851,401
Promissory Notes	18,819,269
Lease/Purchases	16,773
Stormwater Fees	<u>13,769</u>
	193,465,523
Accumulated Depreciation	<u>(103,920,039)</u>

INVESTMENT IN CAPITAL ASSETS, NET **\$ 89,545,484**

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in certain internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF GAINESVILLE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2003

<u>FUNCTION/ACTIVITY</u>	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>INFRASTRUCTURE</u>
GENERAL GOVERNMENT						
Clerk of the Commission	\$ 254,507	\$ -	\$ -	\$ -	\$ 254,507	\$ -
City Manager	7,599	-	-	-	7,599	-
City Attorney	89,918	-	-	-	89,918	-
Computer Services	2,188,297	-	-	-	2,188,297	-
Finance	1,619,295	-	-	-	1,619,295	-
Equal Opportunity	4,470	-	-	-	4,470	-
Community Development	2,994,454	2,578,952	276,138	-	139,364	-
Building Inspections	87,929	-	-	-	87,929	-
Human Resources	38,328	-	-	-	38,328	-
Facilities Management	13,598,262	793,305	12,140,538	140,470	523,949	-
Management and Budget	10,963	-	-	-	10,963	-
Surplus Items	138,087	-	-	-	138,087	-
TOTAL GENERAL GOVERNMENT	21,032,109	3,372,257	12,416,676	140,470	5,102,706	-
PUBLIC SAFETY						
Police Department	8,928,013	378,366	4,083,479	318,382	4,147,786	-
Fire Department	3,943,682	215,994	1,531,431	37,819	2,158,438	-
TOTAL PUBLIC SAFETY	12,871,695	594,360	5,614,910	356,201	6,306,224	-
TRANSPORTATION						
Public Works	128,770,927	2,527,330	1,021,276	170,337	686,846	124,365,138
Fleet Management	381,108	-	157,210	204,656	19,242	-
TOTAL TRANSPORTATION	129,152,035	2,527,330	1,178,486	374,993	706,088	124,365,138
ECONOMIC ENVIRONMENT						
Economic Development	2,867,963	199,777	2,664,187	-	3,999	-
Small Business Development	6,285	-	-	-	6,285	-
TOTAL ECONOMIC ENVIRONMENT	2,874,248	199,777	2,664,187	-	10,284	-
CULTURE AND RECREATION						
Cultural Affairs	4,677,742	677,537	2,826,655	762,412	411,138	-
Recreation	16,245,537	6,942,545	4,342,235	4,323,461	637,296	-
TOTAL CULTURE AND RECREATION	20,923,279	7,620,082	7,168,890	5,085,873	1,048,434	-
TOTAL GOVERNMENTAL FUNDS						
CAPITAL ASSETS ALLOCATED TO FUNCTIONS	\$ 186,853,366	\$ 14,313,806	\$ 29,043,149	\$ 5,957,537	\$ 13,173,736	\$ 124,365,138
CONSTRUCTION IN PROGRESS	6,612,157					
	193,465,523					
ACCUMULATED DEPRECIATION	(103,920,039)					
CAPITAL ASSETS, NET	\$ 89,545,484					

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in certain internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	CAPITAL ASSETS OCTOBER 1, 2002	ADDITIONS	DEDUCTIONS	CAPITAL ASSETS SEPTEMBER 30, 2003
<u>GENERAL GOVERNMENT</u>				
Clerk of the Commission	\$ 254,507	\$ -	\$ -	\$ 254,507
City Manager	7,599	-	-	7,599
City Attorney	84,705	5,213	-	89,918
Computer Services	1,785,627	443,938	41,268	2,188,297
Finance	1,607,715	38,482	26,902	1,619,295
Equal Opportunity	4,470	-	-	4,470
Community Development	3,346,374	362,529	714,449	2,994,454
Building Inspections	84,329	3,600	-	87,929
Human Resources	43,598	-	5,270	38,328
Facilities Management	13,646,681	240,128	288,547	13,598,262
Management and Budget	16,554	-	5,591	10,963
Surplus Items	603,019	355,810	820,742	138,087
TOTAL GENERAL GOVERNMENT	<u>21,485,178</u>	<u>1,449,700</u>	<u>1,902,769</u>	<u>21,032,109</u>
<u>PUBLIC SAFETY</u>				
Police Department	8,329,738	908,960	310,685	8,928,013
Fire Department	3,979,135	85,904	121,357	3,943,682
TOTAL PUBLIC SAFETY	<u>12,308,873</u>	<u>994,864</u>	<u>432,042</u>	<u>12,871,695</u>
<u>TRANSPORTATION</u>				
Public Works	125,686,518	3,435,005	350,596	128,770,927
Fleet Management	383,245	-	2,137	381,108
TOTAL TRANSPORTATION	<u>126,069,763</u>	<u>3,435,005</u>	<u>352,733</u>	<u>129,152,035</u>
<u>ECONOMIC ENVIRONMENT</u>				
Economic Development	2,861,380	6,583	-	2,867,963
Small Business Development	6,285	-	-	6,285
TOTAL ECONOMIC ENVIRONMENT	<u>2,867,665</u>	<u>6,583</u>	<u>-</u>	<u>2,874,248</u>
<u>CULTURE AND RECREATION</u>				
Cultural Affairs	4,385,682	295,560	3,500	4,677,742
Recreation	15,935,220	340,176	29,859	16,245,537
TOTAL CULTURE AND RECREATION	<u>20,320,902</u>	<u>635,736</u>	<u>33,359</u>	<u>20,923,279</u>
<u>CONSTRUCTION IN PROGRESS</u>				
	<u>2,898,391</u>	<u>4,563,121</u>	<u>849,355</u>	<u>6,612,157</u>
	185,950,772	11,085,009	3,570,258	193,465,523
ACCUMULATED DEPRECIATION	<u>(99,900,078)</u>	<u>(5,251,217)</u>	<u>(1,231,256)</u>	<u>(103,920,039)</u>
CAPITAL ASSETS, NET	<u>\$ 86,050,694</u>	<u>\$ 5,833,792</u>	<u>\$ 2,339,002</u>	<u>\$ 89,545,484</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in certain internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
GOVERNMENT-WIDE REVENUES AND EXPENSES

GOVERNMENT-WIDE EXPENSES BY FUNCTION

	FY 2002	FY 2003
General Government	\$ 17,122,419	\$ 101,424,472
Public Safety	39,240,517	42,574,106
Physical Environment	4,036,034	2,832,078
Transportation	8,846,755	9,358,165
Economic Environment	3,127,631	5,135,218
Human Services	256,864	1,490,131
Culture & Recreation	4,247,853	5,317,908
Interest on Long-Term Debt	1,668,424	3,626,965
Electric	131,212,687	140,555,094
Gas	14,287,385	20,745,014
Water	13,874,410	14,213,832
Wastewater	17,157,698	17,514,229
Telecommunications	6,549,990	6,296,174
Regional Transit System	11,636,440	12,833,553
Stormwater Management	4,031,510	3,934,824
Ironwood Golf Course	1,542,185	1,531,655
Solid Waste	5,204,119	5,703,055
	<hr/>	<hr/>
Total government-wide expenses by function	<u>\$ 284,042,921</u>	<u>\$ 395,086,473</u>

GOVERNMENT-WIDE REVENUES

Program Revenues

Charges for Services	\$ 224,493,044	\$ 241,313,115
Operating Grants & Contributions	10,012,177	9,634,834
Capital Grants & Contributions	12,543,540	10,924,572

General Revenues

Taxes:

Property taxes	13,713,591	16,341,921
Franchise & utility taxes	5,633,281	6,365,208
Communications services tax	5,257,926	5,926,299
Half cent sales tax	5,297,964	5,447,266
State revenue sharing	2,809,984	2,825,141
Net Negative Pension Obligation	-	86,362,659
Interest	9,147,714	8,103,072
Other	7,268,346	20,042,856
	<hr/>	<hr/>

Total government-wide revenues	<u>\$ 296,177,567</u>	<u>\$ 413,286,943</u>
--------------------------------	-----------------------	-----------------------

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
HISTORY OF GENERAL FUND SOURCES AND USES OF FUNDS
(in dollars)

Sources (Revenues & Transfers)

FY	REAL PROPERTY TAX	OTHER TAXES	LICENSES & PERMITS (1)	FEDERAL (2)	STATE (3)	COUNTY	UTILITY CONTRIBUTIONS (4)	FINES	CHARGES FOR SVCS	OTHER REVENUES & TRANSFERS	TOTAL
94	\$ 8,598,987	\$ 7,936,911	\$ 1,440,638	\$ 144,213	\$ 5,496,820	\$ 40,286	\$ 18,829,265	\$ 1,051,622	\$ 4,330,577	\$ 1,608,705	\$ 49,478,024
95	8,482,949	9,305,593	1,409,738	31,272	5,879,041	35,106	19,248,327	1,171,824	4,725,347	1,912,974	52,202,171
96	9,335,018	10,038,049	880,755	-	6,381,350	97,000	19,243,942	1,296,521	4,231,738	1,280,889	52,785,262
97	9,758,851	9,944,548	665,974	1,047,167	6,482,615	-	20,158,023	1,163,218	4,660,394	1,775,875	55,656,665
98	10,262,973	10,526,737	1,516,597	45,666	6,448,122	-	21,406,886	1,454,335	5,086,950	1,251,998	58,000,264
99	10,674,658	10,293,832	1,470,963	12,567	12,506,491	165,000	27,495,624	1,170,052	5,540,870	1,259,729	70,589,786
00	11,400,748	10,944,137	1,345,920	12,099	7,012,365	165,000	23,351,288	1,281,314	5,580,040	1,584,473	62,877,384
01	12,016,711	11,430,383	1,859,727	-	6,989,825	1,415,000	24,330,224	1,208,980	5,627,373	2,354,948	67,233,171
02	13,042,431	11,601,025	1,787,686	-	7,134,494	-	25,694,788	1,148,623	6,202,562	2,523,468	69,135,077
03	15,532,877	13,103,466	2,018,662	160,638	7,314,150	18,316	25,916,113	1,329,518	6,387,470	1,404,483	73,185,693

Note:

- (1) Occupational Licenses were recorded in the Economic Development Fund in 96 and 97.
- (2) Federal Aviation Grant received in 97 for Gainesville Airport.
- (3) Contribution from State for Campus Development, University of Florida-\$5,750,000 in 99.
- (4) Transfer from Utility for Leaseback - \$5,138,813 in 99.

Uses (Expenditures & Transfers)

FY	GENERAL GOVERNMENT	PUBLIC SAFETY	PHYSICAL ENVIRONMENT	TRANSPOR-TATION	ECONOMIC ENVIRONMENT	HUMAN SERVICES	CULTURE & RECREATION	MISC. & TRANSFERS	TOTAL
94	\$ 11,906,761	\$ 25,265,471	\$ 1,271,665	\$ 5,201,337	\$ 80,802	\$ -	\$ 2,074,450	\$ 3,987,570	\$ 49,788,056
95	12,446,076	25,916,996	1,348,855	5,517,433	143,328	-	2,112,094	4,293,999	51,778,781
96	11,853,453	27,232,997	1,867,361	2,841,481	45,606	-	3,485,909	4,715,346	52,042,153
97	12,893,927	27,946,409	1,526,149	5,393,646	16,030	2,638	2,487,619	4,465,868	54,732,286
98	13,551,817	28,690,343	1,680,616	5,632,289	163,483	-	2,651,807	4,293,153	56,663,508
99	13,958,661	29,550,295	1,728,876	5,704,676	199,893	-	3,160,576	9,968,639	64,271,616
00	14,877,772	31,747,993	1,804,708	6,114,608	235,498	-	3,262,815	4,634,621	62,678,015
01	15,641,299	31,829,470	1,902,396	6,156,720	201,106	-	3,464,763	5,771,487	64,967,241
02	17,014,680	35,079,142	1,922,139	6,460,423	66,928	-	3,654,723	4,624,353	68,822,388
03	15,231,408	41,144,614	2,224,299	7,543,340	180,738	-	4,017,568	6,162,498	76,504,465

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
PER CAPITA GENERAL FUND REVENUES AND EXPENDITURES
HISTORICAL AND CONSTANT DOLLAR AMOUNTS

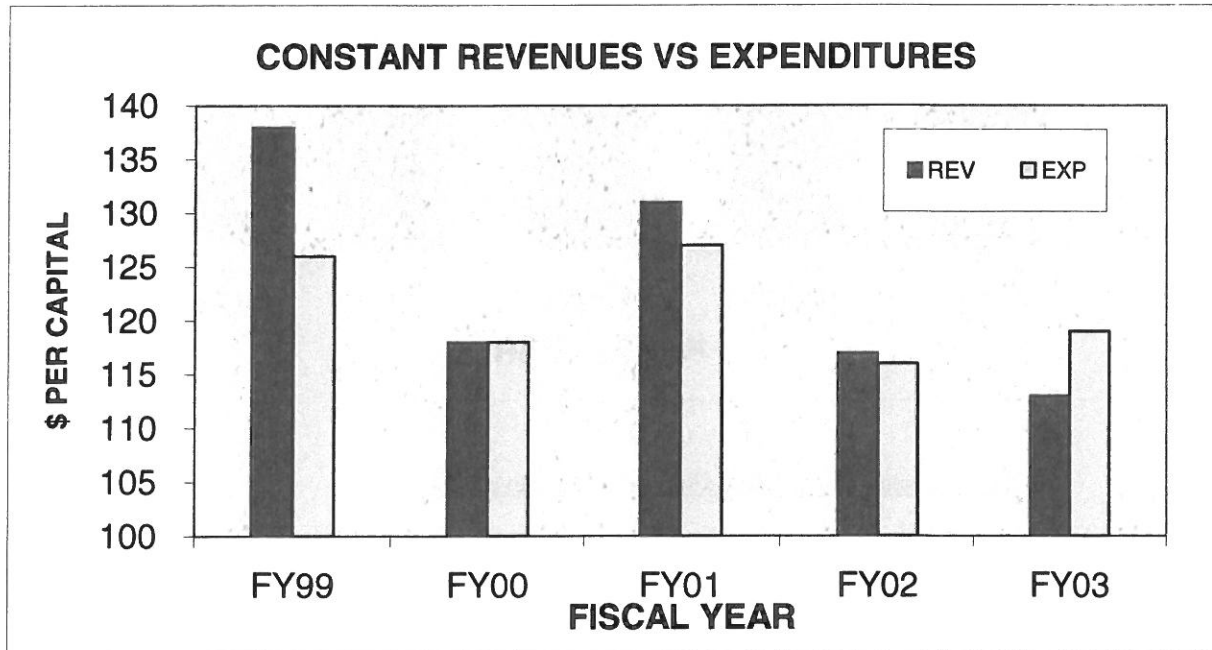
PER CAPITA REVENUES

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Historical Dollars	\$ 696.12	\$ 615.40	\$ 697.11	\$ 621.58	\$ 624.55
% Change Over Previous Year	16.94%	-13.12%	11.72%	-12.15%	0.48%
Constant Dollars*	\$ 138.11	\$ 118.03	\$ 131.20	\$ 116.98	\$ 113.36
% Change Over Previous Year	14.60%	-17.01%	10.04%	-12.16%	-3.19%

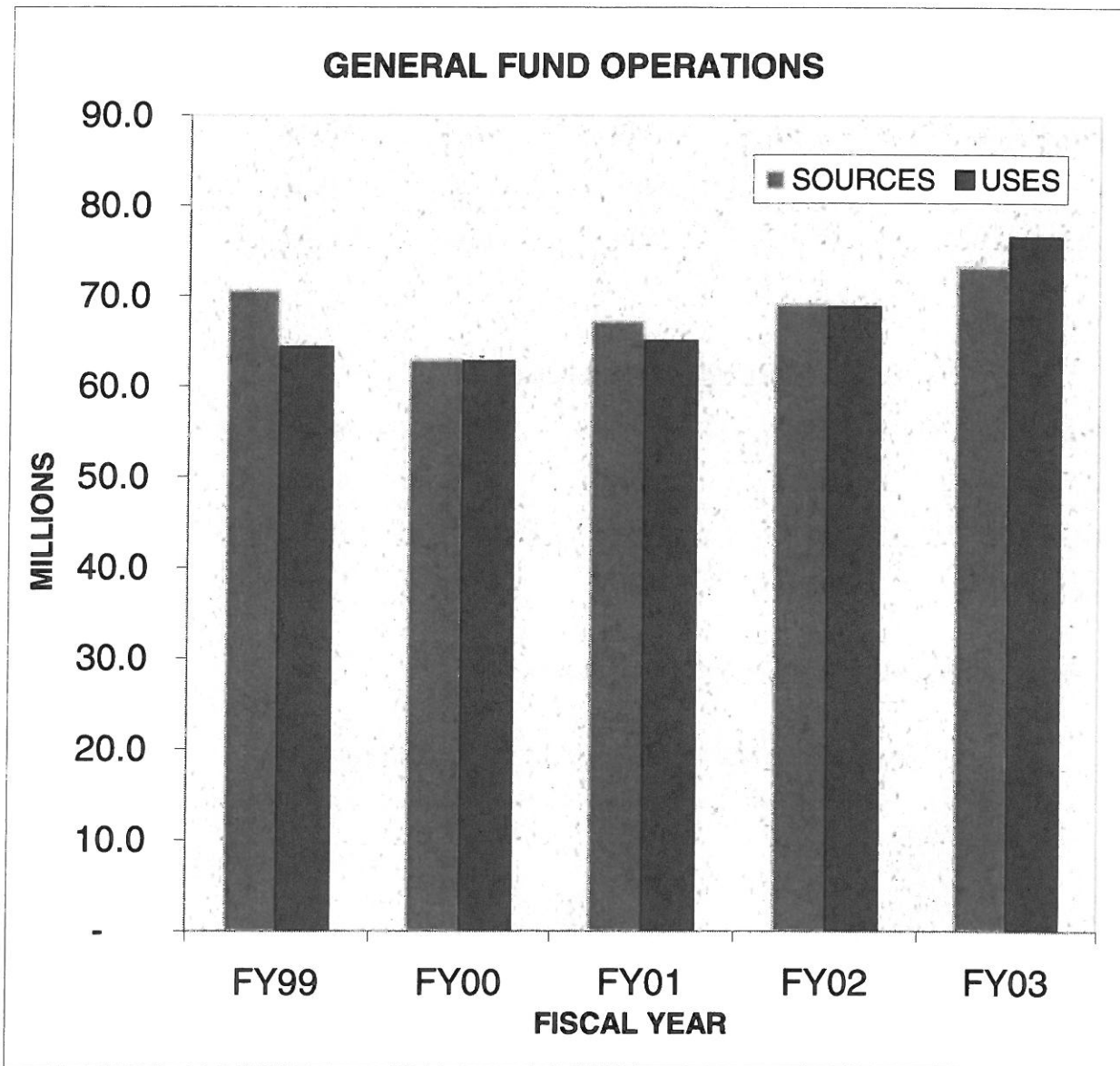
PER CAPITA EXPENDITURES

Historical Dollars	\$ 633.81	\$ 613.44	\$ 673.61	\$ 618.77	\$ 652.87
% Change Over Previous Year	10.88%	-3.32%	8.93%	-8.86%	5.22%
Constant Dollars*	\$ 125.75	\$ 117.66	\$ 126.77	\$ 116.45	\$ 118.50
% Change Over Previous Year	10.38%	-6.88%	7.19%	-8.86%	1.73%

* Constant Dollars were derived by using the Consumer Price Index base year 1967 = 100.



CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
RATIO OF GENERAL FUND SURPLUS (DEFICIT) TO TOTAL REVENUES



Ratio of Revenues Less Expenditures to Total Revenues

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
0.089	0.003	0.033	0.004	-0.045

A positive ratio indicates a surplus for the year while a negative ratio indicates a deficit for the year. This ratio is one of the primary indicators of the underlying causes of the City's financial position as it directly affects the expendable fund balances.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
HISTORY OF LOCAL AD VALOREM TAX RATES AND TAX LEVIES

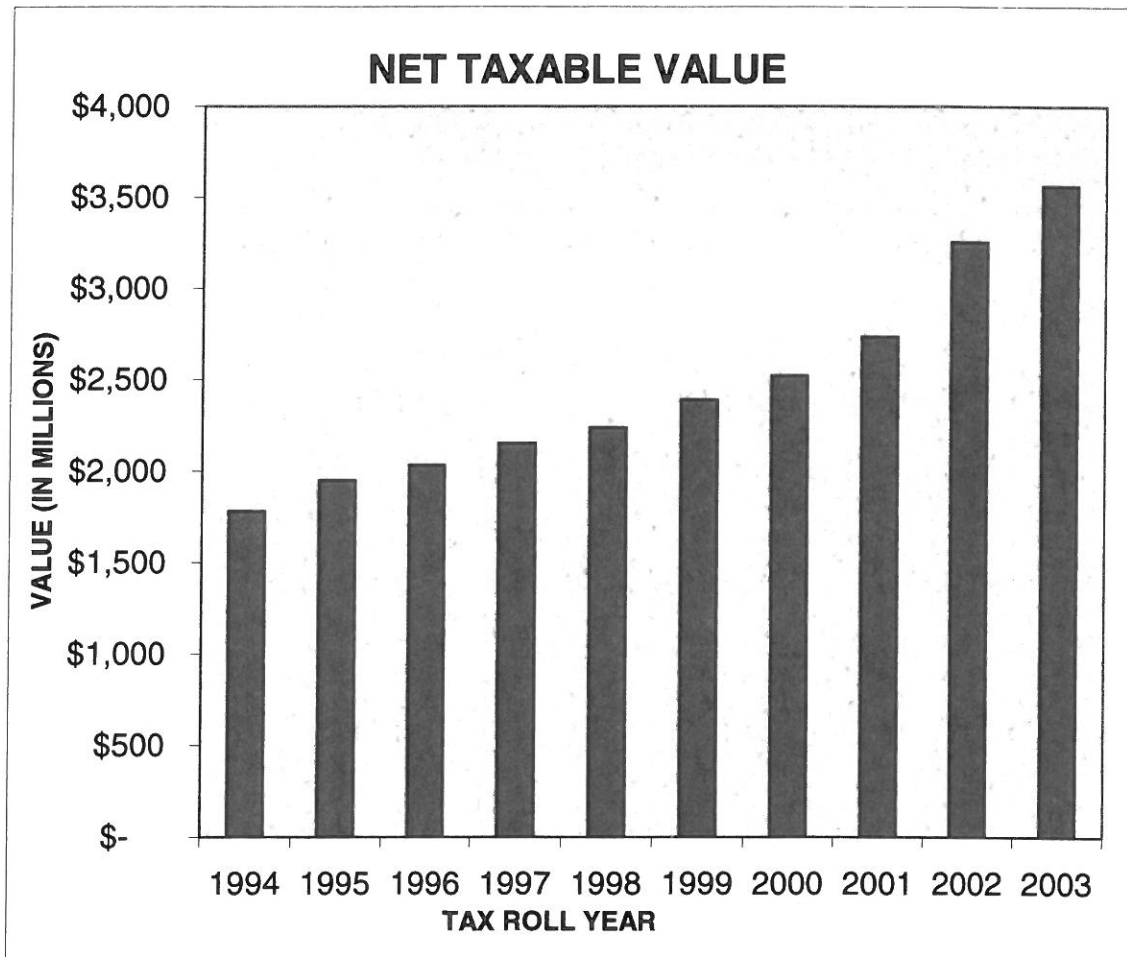
TAX ROLL YEAR	CITY FISCAL YEAR	NET TAXABLE VALUE FOR LOCAL LEVIES	TAX RATES (MILLS)		LOCAL PROPERTY TAX LEVIES		
			BONDS AND INTEREST	GENERAL GOVERNMENT	BONDS AND INTEREST	GENERAL GOVERNMENT	TOTAL TAXES LEVIED
(1)	(2)	(3)	(4 & 6)	(4)			(5)
1994	1994-95	\$ 1,778,820,898	0.0332	4.9659	\$ 59,191	\$ 8,853,191	\$ 8,912,382
1995	1995-96	1,947,684,276	-	4.9659	-	9,672,006	9,672,006
1996	1996-97	2,031,119,313	-	4.9416	-	10,036,976	10,036,976
1997	1997-98	2,150,234,789	-	4.9416	-	10,625,320	10,625,320
1998	1998-99	2,235,759,820	-	4.9416	-	11,047,935	11,047,935
1999	1999-00	2,390,448,252	-	4.9416	-	11,821,291	11,821,291
2000	2000-01	2,521,712,589	-	4.9416	-	12,460,972	12,460,972
2001	2001-02	2,735,232,295	-	4.9416	-	13,516,120	13,516,120
2002	2002-03	3,252,819,147	-	4.9416	-	16,073,799	16,073,799
2003	2003-04	3,561,664,336	-	4.9416	-	17,599,965	17,599,965

Notes:

- (1) Tax roll year as of January 1st.
- (2) Fiscal year October 1st through September 30th.
- (3) Sum of real and personal property value.
- (4) (a) Tax rates are set by the City Commission effective October 1st.
 (b) Chapter 200.181, Florida Statutes, allows unrestricted ad valorem tax rate levies for debt service for general obligation bonds approved by citizen referendum and imposes a 10 mill limitation on ad valorem tax rates levied for general government operations.
- (5) See page 115 for history of collections.
- (6) The City's General Obligation Bonds Series 1974 were paid in full in Fiscal Year 1995.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
HISTORY OF PROPERTY VALUES AND PROPERTY ASSESSMENTS

TAX ROLL YEAR	JUST VALUE OF ALL PROPERTY	TOTAL EXEMPT PROPERTY	NET TAXABLE VALUE
1994	\$ 4,658,565,413	\$ 2,879,744,515	\$ 1,778,820,898
1995	4,987,069,832	3,039,385,556	1,947,684,276
1996	5,407,243,370	3,376,124,057	2,031,119,313
1997	5,813,160,554	3,662,925,765	2,150,234,789
1998	5,906,564,485	3,670,804,665	2,235,759,820
1999	6,117,881,236	3,727,432,984	2,390,448,252
2000	6,221,260,827	3,699,548,238	2,521,712,589
2001	6,633,284,013	3,898,051,718	2,735,232,295
2002	7,047,490,127	3,794,670,980	3,252,819,147
2003	7,469,339,911	3,907,675,545	3,561,664,366



CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
HISTORY OF LOCAL AD VALOREM TAX COLLECTIONS

<u>CITY FISCAL YEAR</u>	<u>TOTAL PROPERTY TAXES LEVIED</u> (1)	<u>ADJUSTMENTS & PENALTIES AFTER LEVY</u> (2)	<u>TAXES CERTIFIED FOR COLLECTION</u> (3)	<u>CURRENT TAXES COLLECTED</u> (4)	<u>COLLECTIONS AS A PERCENT OF CERTIFIED</u>	<u>DELINQUENT TAXES COLLECTED</u>	<u>TOTAL PROPERTY TAXES COLLECTED</u> (5)
1993-94	\$ 9,054,962	\$ (11,908)	\$ 9,043,054	\$ 8,954,380	99.0%	\$ 58,509	\$ 9,012,889
1994-95	8,912,382	(17,427)	8,894,955	8,774,325	98.6%	54,725	8,829,050
1995-96	9,672,006	(932)	9,671,074	9,558,085	98.8%	79,630	9,637,715
1996-97	10,036,976	11,022	10,047,998	9,930,982	98.8%	118,289	10,049,271
1997-98	10,625,320	17,255	10,642,575	10,201,814	95.9%	61,160	10,262,974
1998-99	11,047,935	24,053	11,071,988	10,626,794	96.0%	47,864	10,674,658
1999-00	11,821,291	17,021	11,838,312	11,271,501	95.2%	129,246	11,400,747
2000-01	12,460,972	19,814	12,480,786	12,000,434	96.2%	16,277	12,016,711
2001-02	13,516,120	22,071	13,538,191	12,925,315	95.5%	117,116	13,042,431
2002-03	16,073,799	21,833	16,095,632	15,428,716	95.9%	104,161	15,532,877
2003-04	17,599,966	33,761	17,633,727	for information only; collections begin November 1, 2003			

Notes:

- (1) See page 113 for basis of Taxes levied for Operations and Debt retirement.
- (2) Additions, deletions and adjustments to the net taxable value (page 114) may be made by the Board of County Commissioners and by the Board of Review after the City Commission sets the tax levy. Penalties may be imposed by the County Property Appraiser for late filing of information by owners of personal property, and the County Commission may cancel taxes under certain conditions. This column is the net of such actions.
- (3) The County Tax Collector certifies the amount for collection after all adjustments. Tax bills paid in November receive a 4% discount; bills paid in December through March receive 3%, 2%, 1%, or 0%, respectively, and those paid after March 31st are subject to a 3% penalty. The County Tax Collector distributes tax collections at least twice each month in November and December and at least monthly thereafter.
- (4) Collected taxes include the legally credited discounts referred to in Note (3) above.
Real property taxes and penalties not paid become subject to sale (by June 1st) as interest-bearing tax sale certificates at public auction. Tax sale certificates not sold at auction are retained in the name of the County; those not redeemed within two years are "foreclosed" and the property is sold at public auction, with any sales proceeds distributed on a pro-rata basis to interested taxing authorities.
- (5) Unpaid personal property taxes become a lien on the personal property assessed, and through Court action the property can be attached and sold at public auction.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
HISTORY OF PROPERTY TAX LEVIES COMPARED WITH COLLECTIONS

<u>TAX ROLL YEAR</u>	<u>TOTAL TAX LEVIED</u>	<u>CURRENT TAX COLLECTION</u>	<u>OUTSTANDING PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>TOTAL COLLECTED AS A % OF CURRENT LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>DELINQUENT TAXES AS A % OF CURRENT LEVY</u>
1994	\$ 8,912,382	\$ 8,774,325	98.5%	\$ 54,725	\$ 9,012,889	101.1%	\$ 88,817	1.00%
1995	9,672,006	9,558,085	98.8%	79,630	9,637,715	99.6%	83,776	0.87%
1996	10,036,976	9,930,982	98.9%	118,289	10,049,271	100.1%	96,391	0.96%
1997	10,625,320	10,201,814	96.0%	61,160	10,262,974	96.6%	66,726	0.63%
1998	11,047,935	10,626,794	96.2%	47,864	10,674,658	96.6%	71,624	0.65%
1999	11,821,291	11,271,501	95.3%	129,246	11,400,747	96.4%	77,502	0.66%
2000	12,460,972	12,000,434	96.3%	16,277	12,016,711	96.4%	106,067	0.85%
2001	13,516,120	12,925,315	95.6%	117,116	13,042,431	96.5%	118,120	0.87%
2002	16,073,799	15,428,716	96.0%	104,161	15,532,877	96.6%	90,291	0.56%
2003	17,599,966	for information only; collections begin November 1, 2003						

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
HISTORY OF PROPERTY TAX RATES AND TAX LEVIES
ALL DIRECT OVERLAPPING GOVERNMENTS APPLICABLE TO THE CITY OF GAINESVILLE

<u>TAX ROLL YEAR</u>	<u>CITY OF GAINESVILLE</u>	<u>COUNTY OF ALACHUA</u> (1)	<u>ALACHUA COUNTY SCHOOL DISTRICT</u>	<u>ST. JOHNS WATER MGMT DISTRICT</u>	<u>ALACHUA COUNTY LIBRARY DISTRICT</u>	<u>TOTAL ALL DIRECT & OVERLAPPING GOVERNMENTS</u>
----------------------	----------------------------	---------------------------------	---------------------------------------	--------------------------------------	--	---

Tax Rate (mills) (Including Debt Service)

1994	4.9991	9.2810	12.1770	0.4820	1.8408	28.7799
1995	4.9659	9.2810	12.1770	0.4820	1.8408	28.7467
1996	4.9416	9.2810	12.1770	0.4820	1.8408	28.7467
1997	4.9416	9.0290	12.1770	0.4820	1.8107	28.7224
1998	4.9416	8.7700	11.8240	0.4820	1.8107	27.8283
1999	4.9416	8.7700	10.9560	0.4820	1.9000	27.0496
2000	4.9416	8.7650	10.8030	0.4720	1.9000	26.8816
2001	4.9416	9.0009	10.4360	0.4620	1.6789	26.8816
2002	4.9416	8.9887	10.4660	0.4620	1.6632	26.5215
2003	4.9416	9.2387	9.8390	0.4620	1.6566	26.1379

Tax Levies (Including Debt Service)

1994	\$ 8,892,506	\$ 16,477,799	\$ 21,619,375	\$ 670,375	\$ 3,268,218	\$ 50,928,273
1995	9,672,006	18,076,558	23,717,037	733,166	3,585,304	55,784,071
1996	10,036,976	18,853,632	24,736,549	759,916	3,739,260	55,784,071
1997	10,625,320	19,351,516	26,182,628	794,857	3,893,321	58,126,333
1998	11,047,935	20,186,675	27,224,847	1,077,636	4,048,290	63,585,383
1999	11,821,291	20,964,231	28,264,660	1,152,196	4,328,385	66,530,763
2000	12,460,972	22,102,810	27,242,061	1,190,248	4,791,253	67,787,344
2001	13,516,120	24,619,002	28,544,246	1,263,649	4,592,079	72,535,096
2002	16,073,799	29,238,019	34,043,311	1,502,772	5,409,978	86,267,879
2003	17,647,319	72,823,648	77,706,173	2,719,253	13,083,558	183,979,951

Note:

(1) Alachua County millage rate includes only operating and debt service; MSTU is not included in these rates.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
SPECIAL ASSESSMENTS FUND
(Street, Sidewalk, and Ditch Improvement Fund)

<u>FISCAL YEAR</u>	<u>OUTSTANDING ASSESSMENTS AT BEGINNING OF YEAR</u>	<u>CURRENT ASSESSMENTS LEVIED</u>	<u>TOTAL ASSESSMENTS</u>	<u>ASSESSMENTS COLLECTED (1)</u>	<u>PERCENTAGE OF COLLECTIONS TO TOTAL DUE</u>
1993-94	\$ 45,556	\$ -	\$ 45,556	\$ 9,096	20.0%
1994-95	36,460	-	36,460	3,135	8.6%
1995-96	33,325	-	33,325	7,249	21.8%
1996-97	26,076	-	26,076	2,692	10.3%
1997-98	23,384	-	23,384	2,500	10.7%
1998-99	20,884	-	20,884	1,159	5.5%
1999-00	19,725	-	19,725	3,919	19.9%
2000-01	15,806	27,286	43,092	29,915	69.4%
2001-02	13,177	25,943	39,120	7,466	19.1%
2002-03	31,654	-	31,654	8,741	27.6%

Notes:

- (1) Assessments collected include \$8,102 which was remitted to the Utilities Funds in FY1993-94;
Assessments collected include \$2,329 which was remitted to the Utilities Funds in FY1994-95;
Assessments collected include \$7,184 which was remitted to the Utilities Funds in FY1995-96;
Assessments collected include \$2,628 which was remitted to the Utilities Funds in FY1996-97;
Assessments collected include \$860 which was remitted to the Utilities Funds in FY1997-98;
Assessments collected include \$0 which was remitted to the Utilities Funds in FY1998-99;
Assessments collected include \$0 which was remitted to the Utilities Funds in FY1999-00;
Assessments collected include \$6,440 which was remitted to the Utilities Funds in FY2000-01;
Assessments collected include \$2,744 which was remitted to the Utilities Funds in FY2001-02;
Assessments collected include \$4,002 which was remitted to the Utilities Funds in FY2002-03.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
LEGAL DEBT MARGIN AND
RATIO OF CITY'S GROSS BONDED DEBT TO TAXABLE VALUE
AND BONDED DEBT PER CAPITA

Legal Debt Margin

Taxable Value = \$3,561,664,366

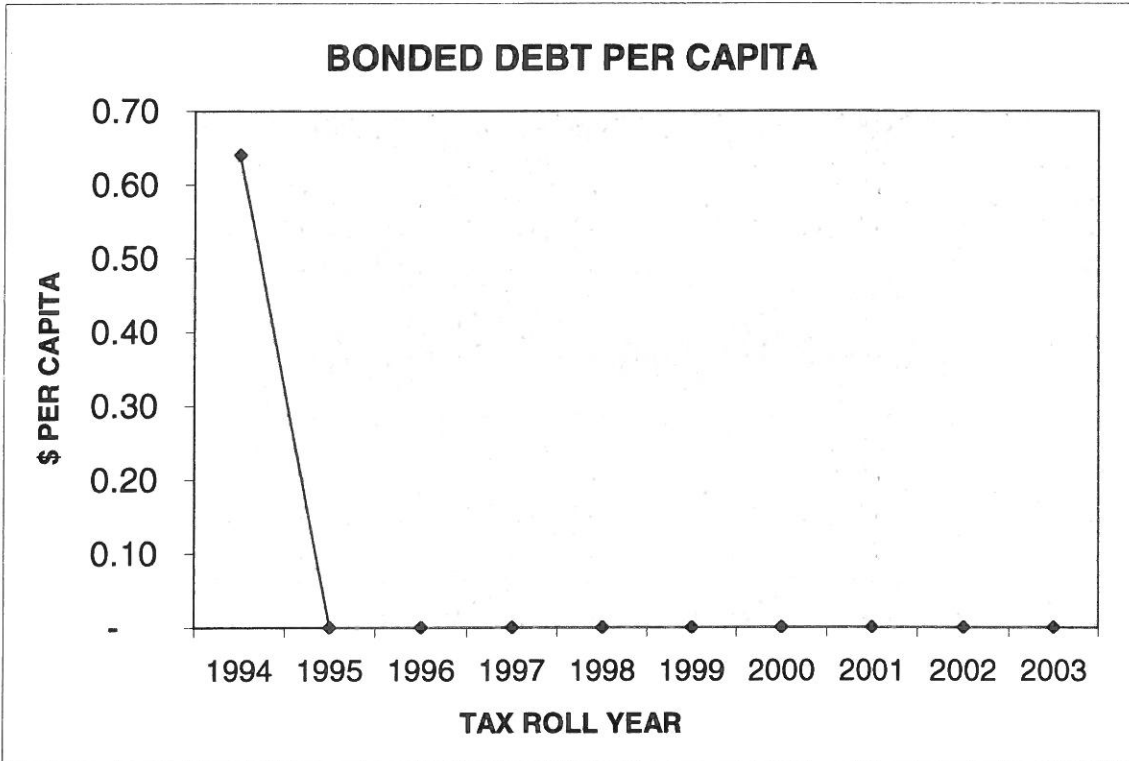
Legal Debt Limit = None (1)

<u>TAX ROLL YEAR</u>	<u>TAXABLE VALUE (JANUARY 1)</u>	<u>BONDED DEBT (SEPTEMBER 30)</u>	<u>BONDED DEBT RATIO</u>	<u>CITY POPULATION (APRIL 1)</u>	<u>BONDED DEBT PER CAPITA</u>
1994	\$ 1,778,820,898	\$ 60,000	0.003%	93,969	0.64
1995	1,947,684,276	- (2)	0.000%	96,051	-
1996	2,031,119,313	-	-	97,693	-
1997	2,150,234,789	-	-	99,870	-
1998	2,235,759,820	-	-	100,315	-
1999	2,390,448,252	-	-	101,405	-
2000	2,521,712,589	-	-	95,447	-
2001	2,735,232,295	-	-	96,446	-
2002	3,252,819,147	-	-	111,224	-
2003	3,561,664,366	-	-	117,182	-

Notes:

(1) Chapter 200.181, Florida Statutes, allows unrestricted ad valorem tax rate levies for debt service requirements for general obligation approved by voter referendum.

(2) The City's General Obligation Bonds Series 1974 were paid in full in fiscal year 1995.



CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT

<u>TAXING AUTHORITY</u>	<u>TAXABLE PROPERTY VALUE (2)</u>	<u>GENERAL OBLIGATION BONDED DEBT (3)</u>	<u>PERCENT OF DEBT APPLICABLE TO CITY</u>	<u>CITY'S SHARE OF DEBT (4)</u>
City of Gainesville	\$ 3,561,664,366	\$ -	100.00%	\$ -
Alachua County	7,863,116,773	14,000,000	45.30%	6,342,000
Alachua County Schools	7,878,456,743	68,260,000	45.21%	30,860,346
		<u>\$ 82,260,000</u>	45.26%	<u>\$ 37,202,346</u>

Notes:

- (1) The above information on bonded debt does not include self supporting and non-self supporting revenue bonds, certificates, and notes as follows (reserves and/or sinking fund balances have not been deducted).
- (2) As of January 1, 1983 homestead property of certain qualified residents is eligible for up to \$25,000 value exemption.
- (3) Reserves and sinking fund balances have not been deducted.
- (4) Chapter 200.181, Florida Statutes, allows unrestricted ad valorem tax rate levies for debt service for general obligation bonds approved by voter referendum.

<u>TAXING AUTHORITY</u>	<u>SELF SUPPORTING</u>	<u>NON-SELF SUPPORTING</u>	<u>TOTALS</u>
Alachua County	\$ -	\$ 47,845,000	\$ 47,845,000
Alachua County Schools	-	-	-
City of Gainesville:			
Utilities	452,689,486	-	452,689,486
Other than Utilities	-	129,419,632	129,419,632
	<u>\$ 452,689,486</u>	<u>\$ 177,264,632</u>	<u>\$ 629,954,118</u>

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
RATIO OF ANNUAL GENERAL OBLIGATION BONDS DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND SOURCES AND USES (1)

FISCAL YEAR	GENERAL OBLIGATION DEBT SERVICE EXPENDITURES			RATIO OF DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND	
	PRINCIPAL	INTEREST	TOTAL	SOURCES	USES
1993-94	\$ 160,000	\$ 14,300	\$ 174,300	0.35	0.35
1994-95	60,000	3,900	63,900	0.12	0.12
1995-96	-	-	-	-	-
1996-97	-	-	-	-	-
1997-98	-	-	-	-	-
1998-99	-	-	-	-	-
1999-00	-	-	-	-	-
2000-01	-	-	-	-	-
2001-02	-	-	-	-	-
2002-03	-	-	-	-	-

These ratios measure the amount of principal and interest the City pays each year compared to its total sources and uses of funds. These debt service payments are usually fixed and actually represent a legal claim on the City's resources. As debt service increases, the City's expenditure flexibility is reduced; thus resulting in increased fiscal strain. A ratio below 10% for total debt service is considered good.

Note:

(1) The historical total sources and uses of General Funds are summarized on page 110. Debt service expenditures are included within those total uses under "General Government".

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
SCHEDULE OF STATE GUARANTEED ENTITLEMENT REVENUE
DEBT SERVICE BOND COVERAGE RATIO

<u>FISCAL YEAR</u>	<u>DEBT SERVICE EXPENDITURES</u> (Excluding Reserve Requirements)			<u>STATE "GUARANTEED ENTITLEMENT" REVENUE</u>	<u>DEBT SERVICE COVERAGE RATIO</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>		
1993-94 (1)	\$ 520,455	\$ 121,486	\$ 641,941	\$ 1,100,340	1.71
1994-95	350,000	745,973	1,095,973	1,100,340	1.00
1995-96	365,000	733,721	1,098,721	1,100,340	1.00
1996-97	380,000	719,121	1,099,121	1,100,340	1.00
1997-98	395,000	702,973	1,097,973	1,100,340	1.00
1998-99	415,000	685,198	1,100,198	1,100,340	1.00
1999-00	430,000	666,004	1,096,004	1,100,340	1.00
2000-01	450,000	645,579	1,095,579	1,100,340	1.00
2001-02	475,000	623,641	1,098,641	1,100,340	1.00
2002-03	495,000	599,891	1,094,891	1,100,340	1.00

Note:

(1) Figures for FY1993-94 exclude \$8,304,545 paid to deacease the Public Improvement Revenue Certificates of 1987. These certificates were deaceased by a portion of the proceeds of the Guaranteed Entitlement Revenue and Refunding Bonds of 1994. Total debt service requirements for FY1993-94 reflect principal payments on the Series 1987 debt prior to defeasance and the principal payment of August 1, 1994, for the Series 1994.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
RATIO OF ANNUAL TOTAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND SOURCES AND USES (1)

FISCAL YEAR	TOTAL DEBT SERVICE EXPENDITURES (Excluding Utilities)			RATIO OF DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND	
	PRINCIPAL	INTEREST	TOTAL	SOURCES	USES
1993-94 (2)	\$ 1,420,818	\$ 1,123,465	\$ 2,544,283	5.14	5.11
1994-95	1,827,968	1,790,801	3,618,769	6.93	6.99
1995-96	1,799,792	1,730,744	3,530,536	6.69	6.78
1996-97	2,122,484	1,933,682	4,056,166	7.25	7.41
1997-98 (3)	2,042,770	1,789,423	3,832,193	6.61	6.76
1998-99	2,601,200	1,742,472	4,343,672	6.15	6.76
1999-00	1,833,297	1,501,676	3,334,973	5.30	5.32
2000-01	1,663,689	1,477,860	3,141,549	4.67	4.84
2001-02	2,190,000	1,575,315	3,765,315	5.45	5.47
2002-03	2,625,000	3,609,336	6,234,336	8.52	8.15

These ratios measure the amount of principal and interest the City pays each year compared to its total sources and uses of funds. These debt service payments are usually fixed and actually represent a legal claim on the City's resources. As debt service increases, the City's expenditure flexibility is reduced; thus resulting in increased fiscal strain.

A ratio below 10% for total debt service is considered good. As indicated above, the City's ratio remains well below this level.

Notes:

- (1) The historical total sources and uses of General Funds used in the computation of these ratios are summarized on page 110. Debt service expenditures are included within those total uses under "General Government".
- (2) Figures for FY1993-94 exclude \$8,304,545 paid to decessate the Public Improvement Revenue Certificates of 1987.
- (3) Figures for FY97-98 exclude \$8,910,000 paid to decessate the FFGFC series 1982 Bonds.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
SCHEDULE OF UTILITY REVENUE DEBT SERVICE COVERAGE RATIO

<u>FISCAL YEAR</u>	<u>DEBT REQUIREMENTS (1)</u>	<u>NET UTILITY REVENUES (2)</u>	<u>DEBT SERVICE COVERAGE RATIO</u>
1993-94	\$ 42,622,279	\$ 61,727,973	1.45
1994-95	47,234,795	67,188,372	1.42
1995-96	51,396,381	72,107,935	1.40
1996-97	44,196,126	77,547,009	1.75
1997-98	39,470,246	80,273,040	2.03
1998-99	33,891,908	331,155,218 (3)	9.77
1999-00	34,904,989	84,465,494	2.42
2000-01	37,677,047	90,284,791	2.40
2001-02	34,097,931	90,462,263	2.65
2002-03	33,704,853	85,190,476	2.53

Notes:

- (1) Excludes capitalized interest.
- (2) Utility net revenues include electric, gas, water and sewer charges to customers. According to Bond Ordinances; i.e. before depreciation and debt service charges, but including certain connection charges and excluding interest earnings on investments from the construction trust fund.
- (3) Revenues include revenue of \$249,220,553 from leaseback. The coverage ratio excluding the revenue from the leaseback would be 2.42.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

CITY GOVERNMENT

Establishment of Town	1854
Date of Incorporation	1869
Adoption of Present Charter	1927
Form of Government	Commission-Manager
Fiscal Year Begins	October 1st
Terms of Office	Mayor: Three Years (two term limit) Commissioners: Three Years (two term limit)
Number of Registered Voters	54,213
Number of Voter Turnout in Last City General Election (Includes split City/County Precincts)	28,122 (52%)

LOCATION (1)

Area	54.04 square miles
Latitude	82.16' West
Longitude	29.41' North
Elevation	165 feet
<u>Distance & Direction to Major Cities:</u>	
Jacksonville	Highway 75 NE Average Air 20 <u>Miles</u> <u>Minutes</u>
Orlando	115 SE 30
Tampa Bay	140 South 30

CLIMATE (1)

Average Annual Temperature Range	Summer 69 to 91 Winter 43 to 75
Average Annual Precipitation	52.39"

COST OF LIVING (1)

Cost of Living Index	95.29%
Median Household Income	\$30,631
Mean Housing Sale Price	House \$131,274 Condo/Townhouse \$77,991

PUBLIC SAFETY

Gainesville Police Department	273 Sworn Personnel 70 Civilian Personnel
Gainesville Fire-Rescue	142 Sworn Personnel 8 Civilian Personnel

Source: (1) Gainesville Area Chamber of Commerce and Gainesville Council for Economic Outreach.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

EDUCATION

<u>Public Schools:</u> (1)		
Elementary Schools	24 schools, enrollment	12,125
Middle Schools	8 schools, enrollment	6,227
High Schools	7 schools, enrollment	9,080
Special Schools	7 schools, enrollment	663
Charter Schools	14 schools, enrollment	1,175
Teacher Certification	Required by Department of Education	
Public School Teachers	1,818	
Student Membership	29,270	
<u>University of Florida:</u>		
Enrollment	1994	37,678
	1995	38,730
	1996	39,137
	1997	41,040
	1998	42,336
	1999	43,943
	2000	45,573
	2001	46,798
	2002	47,373
	2003	47,858
Instructional Faculty	1,679 full-time, 41 part-time	
Degrees Offered	105 Undergraduate	
	256 Graduate	
	5 Professional (Law, Veterinary Medicine, Medicine, Pharmacy, Dentistry)	
	12 Specialist	
	15 Engineer	
<u>Santa Fe Community College:</u>		
Enrollment	1994	12,435
	1995	12,525
	1996	12,600
	1997	12,086
	1998	12,519
	1999	12,795
	2000	12,726
	2001	13,516
	2002	14,047
	2003	16,108
Faculty	291 full-time, 390 part-time	
Degrees Offered	49 Associate of Arts	
	29 Associate of Science and Applied Science	
	15 Certificate of Training	
	15 Technical Certificate	

(1) Source: School Board of Alachua County

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

TRANSPORTATION
FY 2001-02 AIR TRAFFIC VOLUME
GAINESVILLE-ALACHUA COUNTY REGIONAL AIRPORT (1)

	<u>Enplanements</u>	<u>Deplanements</u>
October	12,306	12,282
November	11,464	12,182
December	11,951	11,334
January	10,213	10,463
February	9,888	10,125
March	11,997	11,808
April	10,265	10,322
May	10,660	10,264
June	9,963	10,154
July	9,693	9,477
August	9,361	10,343
September	9,384	9,299
TOTAL	<u>127,145</u>	<u>128,053</u>

MAIN BUS RIDERSHIP (2)
REGIONAL TRANSIT SYSTEM
FY2001 - FY2003

	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>
October	708,973	893,404	1,016,000
November	576,412	708,084	704,814
December	279,650	338,750	494,763
January	594,639	722,371	847,290
February	671,754	741,828	814,778
March	536,325	585,063	667,153
April	551,094	697,940	746,597
May	322,747	350,068	381,070
June	306,840	290,095	370,806
July	350,192	401,104	480,890
August	586,880	510,628	520,762
September	817,786	954,657	1,058,197
TOTAL	<u>6,303,292</u>	<u>7,193,992</u>	<u>8,103,120</u>

MOTOR FREIGHT SERVICE (3) 57 common carriers
HIGHWAY ROUTES (4) Interstate 75 and 10. U.S. Highways 441, 301, 41, and 27.
RAIL SERVICE (4) Freight Service by CSX Transportation, passenger service by Amtrak
BUS SERVICE (4) Intercity by Greyhound. Intracity by Regional Transit System,
including minibus service for the handicapped.

Sources: (1) Gainesville-Alachua County Regional Airport
(2) Regional Transit System
(3) UF Bureau of Economic and Business Research
(4) Gainesville Council for Economic Outreach

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

GENERAL DEMOGRAPHICS

<u>YEAR</u>	<u>POPULATION</u>	<u>BUILDING PERMITS</u>	<u>VALUE OF CONSTRUCTION</u>	<u>BANK DEPOSITS</u>	<u>TELEPHONE SERVICES</u>
	(1)	(2)	(2)	(3)	(4)
1994	93,969	1,199	\$ 52,269,076	\$ 1,350,500,000	116,907
1995	96,051	1,296	44,415,674	1,380,800,000	123,336
1996	97,693	2,352	61,360,847	1,457,800,000	-
1997	99,870	2,141	73,271,432	1,480,144,000	-
1998	100,315	6,732	71,237,896	1,523,035,000	-
1999	101,405	5,928	80,419,905	1,536,350,000	-
2000	95,447	5,654	80,405,644	1,689,808,000	-
2001	96,446	7,727	88,964,534	1,792,141,000	-
2002	111,224	2,033	141,585,566	1,969,000,000	-
2003	117,182	7,408	105,545,333	2,121,000,000	-

MEDICAL FACILITIES (5)

Hospitals - Acute Care	6: Total Beds 1,811
Doctors	2,000 Physicians & Surgeons
Dentists	135

COMMUNICATIONS (5 and 6)

Broadcasting and Telecommunications	41
Major Television Stations	WCJB-TV 20 (ABC) WGFL-TV 53 (CBS) WOGX-TV 51 (FOX) WUFT-TV 5 (PBS)
Newspaper Printing and Publishing	9
Major Newspaper	The Gainesville Sun

CITY OWNED PARKING FACILITIES (7)

On street metered spaces	268
Off street metered spaces	90
Permit parking spaces	59
Non-metered spaces, central City district	399
Handicapped, off street not metered	15
Handicapped, central City district	13
Reserved, central City district	329
Loading, central City district	12

- Sources:
- (1) University of Florida Bureau of Economic and Business Research.
 - (2) City of Gainesville Building Inspection Department.
 - (3) 1994-96 Florida Bankers Association, Branch Deposit Report; 1997-02 Sun Trust Banks of Florida Marketing Department; 2003-Present Federal Deposit Insurance Corporation.
 - (4) Southern Bell. Information is no longer available from local exchange.
 - (5) Gainesville Council for Economic Outreach.
 - (6) Gainesville Area Chamber of Commerce
 - (7) City of Gainesville Traffic Engineering Division.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

EMPLOYMENT (2)

<u>Year</u>	<u>Unemployment Rate</u>
1994	3.80%
1995	3.60%
1996	2.90%
1997	2.80%
1998	2.40%
1999	2.70%
2000	1.90%
2001	2.40%
2002	2.62%
2003	2.48%

Labor Force (1 and 3)

Median Age of the Population	29
Labor Force	107,930
Education Level Attained:	
High School Degree	88.10%
Associate's Degree	48.32%
Bachelor's Degree	38.70%
Graduate's Degree	18.98%

Gainesville MSA Total Non-agricultural Employment (2)

Construction & Mining	4.32%
Manufacturing	3.55%
Trade, Transportation, and Services	13.51%
Information	1.44%
Financial Activities	5.57%
Professional & Business Services	6.48%
Educational & Health Services	17.10%
Leisure & Hospitality	9.98%
Other Services	3.67%
Government	34.38%

Ten Largest Employers (1)

<u>Firm</u>	<u>Product/Business</u>	<u>Employees</u>
University of Florida	Education	12,297
Shands Hospital	Health Care	8,225
School Board of Alachua County	Education	4,064
Florida Department of Children and Families	State Family Services	2,319
City of Gainesville	Municipal Government	2,005
Publix Supermarkets	Grocer	1,876
Veterans Affairs Medical Center	Health Care	1,627
North Florida Regional Medical Center	Health Care	1,560
Nationwide Insurance Company	Insurance	1,058
Santa Fe Community College	Education	926

- Sources: (1) Gainesville Council for Economic Outreach
(2) United States Department of Labor
(3) UF Bureau of Economic and Business Research

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

EMPLOYMENT

(continued)

Other Significant Area Employers:

<u>Firm</u>	<u>Product/Business</u>	<u>Employees</u>
Alachua County	Government	860
The Crom Corporation	Manufacturer	610
U.S. Postal Service	Government	604
Dollar General Distribution Center	Retail Sales	526
Gator Dining Services	Food Service	500
AvMed Health Plan	Health Care	380
Winn Dixie Supermarkets	Grocer	379
Bellsouth Telecommunications, Inc.	Telecommunication	370
Medical Manager	Computer Software	370
Meridian Health Care	Health Care	340
Tower Hill Insurance Group	Insurance	340
Hunter Marine Corporation	Manufacturer	325
CH2M Hill Southeast, Inc	Engineering Consultants	289
Florida Farm Bureau	Insurance	280
Sears, Roebuck, and Co.	Retail Sales	271
UF Athletic Association	Inter-Collegiate Athletics	266
The Gainesville Sun	Newspaper	252
Regeneration Technologies, Inc.	Biotechnical R&D & Manufacturing	250
J.C. Penney Company	Retail Sales	250
Performance Food Group	Food Service	211

Source: Gainesville Council for Economic Outreach

PRINCIPAL TAXPAYERS

(Real Estate & Tangible Taxpayers)

<u>Owner/Taxpayer</u>	<u>Business Category</u>	<u>Taxable Value</u>	<u>% of Total</u>
Bellsouth Telecommunications, Inc.	Communications	\$ 69,792,400	2.15%
Oaks Mall Gainesville Ltd Partnership	Retail Sales	52,652,800	1.62%
Florida Power Corporation	Utility	39,607,010	1.22%
HCA Health Services of Florida	Health Care	26,958,400	0.83%
Metal Container Corporation	Manufacturing	24,463,300	0.75%
Colonial Realty Ltd Partnership	Real Estate	18,067,300	0.56%
Cox Cable University City, Inc.	Telecommunications	17,164,730	0.53%
Clariant Life Science, Molecules	Manufacturing	16,713,560	0.51%
North Florida Regional Hospital	Health Care	14,911,540	0.46%
W9/KL Real Estate Ltd Partnership	Real Estate	13,915,400	0.43%
All Others	-	2,958,572,707	90.94%
TOTAL ALL TAXPAYERS		\$ 3,252,819,147	100.00%

Source: Alachua County Property Appraiser

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

TREND IN SALES OF UTILITY SERVICES (1)

Sales by <u>Type of Service</u>	2003		2002		2001	
	<u>NUMBER OF SERVICES</u>	<u>TOTAL REVENUE</u>	<u>NUMBER OF SERVICES</u>	<u>TOTAL REVENUE</u>	<u>NUMBER OF SERVICES</u>	<u>TOTAL REVENUE</u>
<u>Electricity:</u>						
Residential	73,739	\$ 47,080,019	73,522	\$ 45,762,959	71,975	\$ 45,603,957
General Service	9,049	30,827,766	8,736	32,864,868	8,556	33,282,098
Large Power	20	5,294,427	18	5,201,815	17	5,309,904
Traffic & Street Lights	9	1,762,569	9	1,777,099	9	1,651,751
Rental Lights	2,970	1,524,005	2,854	1,448,262	2,798	1,340,698
Bulk & Economy Sales	3	6,229,173	3	12,135,854	3	17,446,472
Fuel Adjustment (Revenue)	-	52,577,362	-	38,816,221	-	45,036,029
	<u>85,790</u>	<u>\$ 145,295,321</u>	<u>85,142</u>	<u>\$ 138,007,078</u>	<u>83,358</u>	<u>\$ 149,670,909</u>
<u>Gas:</u>						
Residential	28,701	\$ 12,118,337	27,880	\$ 8,429,717	27,243	\$ 11,697,095
Interruptible/Commercial	1,593	10,594,100	1,596	6,818,280	1,602	9,300,554
Liquid Propane	107	59,838	118	48,560	95	62,227
	<u>30,401</u>	<u>\$ 22,772,275</u>	<u>29,594</u>	<u>\$ 15,296,557</u>	<u>28,940</u>	<u>\$ 21,059,876</u>
<u>Water:</u>						
General Customers	61,141	\$ 9,722,777	60,345	\$ 10,408,448	58,791	\$ 10,139,709
University of Florida	71	652,307	52	616,061	51	617,090
Fire Hydrants	7	1,039,769	7	1,060,038	7	995,232
Electric Plants	4	39,940	4	34,669	4	27,560
	<u>61,223</u>	<u>\$ 11,454,793</u>	<u>60,408</u>	<u>\$ 12,119,216</u>	<u>58,853</u>	<u>\$ 11,779,591</u>
<u>Wastewater Service Fees:</u>						
Customer Billings	54,495	\$ 14,622,531	53,419	\$ 14,576,585	52,260	\$ 14,362,202
<u>GRUCom:</u>						
Internet Sales (GRUnet)	5,692	\$ 1,519,255	5,921	\$ 1,032,806	4,250	\$ 649,942
Tower Leasing	34	941,350	37	1,033,609	11	973,927
	<u>5,726</u>	<u>\$ 2,460,605</u>	<u>5,958</u>	<u>\$ 2,066,415</u>	<u>4,261</u>	<u>\$ 1,623,869</u>

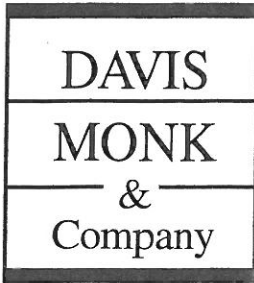
Notes:

(1) Sales figures do not include year end adjustments for unbilled receivables.

CITY OF GAINESVILLE, FLORIDA
FY03 COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION
ECONOMIC DEMOGRAPHIC CHARACTERISTICS

CULTURAL AND RECREATION

Art Galleries:	Center for Modern Art, Focus Gallery, Gainesville Artisans' Guild Gallery, Grinter Gallery, Samuel P. Harn Museum of Art, Santa Fe Gallery, The Thomas Center Galleries, University Gallery
Dance:	Dance Alive!, Dance Theatre of Santa Fe, Danscompany of Gainesville, Duncan Works Children's Dance Theatre, Floridance, Gainesville Ballet Theatre, Grand Squares Square Dance Club, Greenwood Morris Dancers and the - Maypole, Lavern Porter Dance Company, Society for the Preservation of Oriental - Folkloric Dance & Cultural, Sahnobar Dance Ensemble, SoundStage American Dance Company
Music:	Academy of Music & Art, Alachua County Youth Orchestra, BarberGators, Gainesville Chamber Orchestra, Gainesville Civic Chorus, Gainesville Community Band, Gainesville Friends of Jazz & Blues, Gainesville Sweet Adelines, Santa Fe Brass Ensemble, Thirsty Ear Concerts, UF University Choir, UF Chamber Singers, UF Men's Glee Club, UF Women's Chorale, UF Gospel Choir, University Symphonic Band, Willis Bodine Chorale, World Harmony Project
Museums:	EXPO-The Children's Museum of Gainesville, Florida Museum of Natural History, Fred Bear Museum, Matheson Historical Center, Micanopy Historical Society Museum, Theatre of Memory
Theatre:	Acrosstown Repertory Theatre, All Children's Theatre, Center for the Performing Arts, Constans Theatre, The Fable Factory, Gainesville Community Playhouse, High Springs Community Theatre, Hippodrome State Theatre, Theatre Santa Fe
Libraries:	Alachua County Library District Public Library, University of Florida Library, Santa Fe Community College Library
Art Shows/Festivals:	Art in Thornebrook Village, Downtown Festival & Art Show, Downtown Jazz & Blues Festival, Blizzard Bash, UF Fanfare & Fireworks, Hoggetowne Medieval Festival, Kanapaha Spring Garden Festival, SFCC Spring Arts Festival, Fifth Avenue Arts Festival
Parks:	30 Parks and playgrounds
Other Area Attractions:	Bivens Arm Nature Park, Morningside Nature Center, Devil's Millhopper State Geological Site, Kanapaha Botanical Gardens, Paynes Prairie State Preserve, Santa Fe Community College Teaching Zoo, The Hawthorne Trail
Sources:	Gainesville Council for Economic Outreach, City of Gainesville Department of Cultural Affairs, City of Gainesville Recreation and Parks Department



Certified Public Accountants
& Business Consultants

*A Partnership Consisting of
Professional Associations*

Mailing address:

P.O. Box 13494
Gainesville, Florida 32604

Location:

4010 N.W. 25th Place
Gainesville, Florida 32606

Phone:

(352) 372-6300
(800) 344-5034

Fax:

(352) 375-1583

Website:

www.davismonk.com

Members:

CPAmerica International

Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath
International

MANAGEMENT LETTER

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, 2003, and have issued our report thereon dated December 23, 2003. Our report on the basic financial statements included a reference to the report of other auditors who issued a separate management letter. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

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

- As required by the Rules of the Auditor General, we determined that the annual financial report for the City, for the fiscal year ended September 30, 2003, was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report. It should be noted that the annual financial report includes the accounts of the Gainesville Housing Authority, which the State of Florida has characterized as a dependent special district. Pursuant to the provisions of GASB Statement No. 14, the City's basic financial statements do not include the Gainesville Housing Authority in the financial reporting entity.
- The scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. Our review did not reveal any conditions indicative of a state of financial emergency as described in that section.
- 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.

- As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal noncompliance with the provisions of Section 218.415, Florida Statutes.
- The Rules of the Auditor General stipulate that auditors should review the status of prior-audit findings. There was one finding reported in the City's Schedule of Findings and Questioned Costs for the year ended September 30, 2002. That finding, No. 02-1, addressed internal controls over the preparation of financial reports to federal and state grantors. A similar finding regarding the CDBG program is reported in the accompanying Schedule of Findings and Questioned Costs as item 03-2.

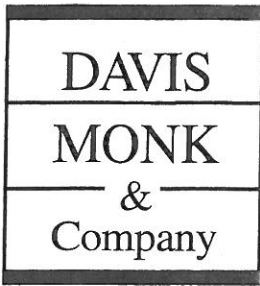
Following this letter are our reports on compliance and on internal control relative to financial reporting and financial assistance programs. Also, other auditors have issued a separate management letter relative to Gainesville Regional Utilities. The comments in those documents should be considered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

This management letter is intended solely for the information and use of the Audit and Finance Committee, management and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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



December 23, 2003
Gainesville, Florida



Certified Public Accountants
& Business Consultants

*A Partnership Consisting of
Professional Associations*

Mailing address:

P.O. Box 13494
Gainesville, Florida 32604

Location:

4010 N.W. 25th Place
Gainesville, Florida 32606

Phone:

(352) 372-6300
(800) 344-5034

Fax:

(352) 375-1583

Website:

www.davismonk.com

Members:

CPAmerica International

Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath
International

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 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 of Gainesville, Florida (the City), as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 23, 2003. Our report on the basic financial statements included a reference to the report of 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.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Other auditors, who audited the financial statements of Gainesville Regional Utilities, noted other matters involving the internal control over financial reporting, which they reported to management in a separate letter.

This report is intended solely for the information and use of the Audit and Finance Committee, management and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Davis, Mark S. Gump". The signature is written in a cursive, somewhat stylized font.

December 23, 2003
Gainesville, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
CITY OF GAINESVILLE, FLORIDA**

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Program Total</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
Community Development Block Grant – Entitlement Program	14.218	\$1,618,350	
Supportive Housing Program	14.235	64,529	
Supportive Housing – VETSPACE	14.235	91,126	155,655.
HOME Investment Partnership Grant	14.239	602,259	
Economic Development Initiative – Cone Park	14.246	150,013	
Economic Development Initiative – Depot Avenue Project	14.246	98,719	248,732
Cedar Grove Housing Project	14.XXX	51,733	
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Federal Transit Administration -			
Operating and Capital Assistance	20.507	2,363,953	
Gainesville DUI Enforcement Project	20.600	44,999	
Gainesville Operation Safe Streets	20.605	50,980	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Florida Department of Education:			
Summer Food Service Program for Children	10.559	95,090	
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Gainesville Regional Juvenile Assessment Center	16.541	87,241	
Comprehensive Juvenile Justice Crime Prevention	16.541	--	87,241
Formula Grant Byrne Youth Alcohol/Party Patrol Program	16.579	104,133	
Local Law Enforcement Block Grant 6	16.592	291,852	
Local Law Enforcement Block Grant 7	16.592	234,432	526,284
Weed & Seed 5	16.595	26,152	
DEA Cost Reimbursement Year 5	16.595	9,188	35,340
Bulletproof Vest Partnership Program	16.607	13,000	
COPS in School	16.710	78,979	
COPS More 2002	16.710	321,319	400,298
Federal Equitable Sharing Proceeds	16.XXX	466,401	
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Wetlands Program Development	66.461	142,784	
Water Quality Program Special Project	66.606	45,757	
Brownfield Pilots Cooperative Agreements	66.811	36,609	
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Assistance to Firefighters	83.554	186,976	
FEMA/USFA for Alachua County	83.XXX	36,610	
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$7,313,184</u>	

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
CITY OF GAINESVILLE, FLORIDA**

<u>State Grantor/ Program Title</u>	<u>State CSFA Number</u>	<u>Expenditures</u>	<u>Project Total</u>
<u>FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR</u>			
Brownfield Redevelopment Grants	31.011	\$ 6,996	
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
FRDAP – Cone Park	37.017	250,000	
FRDAP – Cone Park Legislative Line Item	37.017	150,000	
FRDAP – T.B. McPherson Park	37.017	395	\$ 400,395
<u>DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</u>			
Best Management Practices Cost Share – Urban & Community Forestry	42.017	100,000	
<u>DEPARTMENT OF STATE</u>			
Local Arts Agency Grant – 2002	45.005	34,024	
Local Arts Agency Grant – 2003	45.005	3,301	37,325
Historic Preservation Grant – Hippodrome	45.031	226,491	
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>			
Emergency Management Program – Municipal Comprehensive Grant	52.008	--	
Florida Preservation Act – Depot Junction	52.001	137,419	
State, Local and Private Projects Trust – Front Porch/NE Recreation	52.009	15,000	
State, Local and Private Projects Trust – Front Porch/Duval	52.009	19,000	34,000
State, Local and Private Projects Trust – Front Proch/Duval Stormwater Park	52.XXX	35	
Residential Construction Mitigation Project – LMI Retrofit	52.016	44,315	
Hurricane Mitigation Program	52.XXX	55,000	
SHIP 1999/2000	52.901	55,000	
SHIP 2000/2001	52.901	394,204	
SHIP 2001/2002	52.901	510,826	
SHIP 2002/2003	52.901	234,003	1,194,033
Regional Transit System Improvement Program:			
Commuter Assistance – Funding FY 01/02	55.007	831	
Service Development Funding for Campus Circulation	55.007	59,717	60,548
Public Transit Block Grant Operating Assistance FY 01/02	55.010	943,256	
Park & Ride – Refurbish	55.011	10,000	
Public Transit Service Development Agreement	55.012	36,742	
Transit Corridor Development Assistance – Tower Road	55.013	57,181	
Urban Capital	55.017	56,044	
<u>DEPARTMENT OF HEALTH</u>			
EMS '00 Pass – Through From County	64.005	325	
EMS '01 Pass – Through From County	64.005	8,465	
EMS '02 Pass – Through From County	64.005	7,086	
EMS '03 Pass – Through From County	64.005	37,093	52,969
Afterschool Snack	64.XXX	2,189	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE		<u>\$3,454,938</u>	

See Accompanying Notes.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2003
CITY OF GAINESVILLE, FLORIDA**

Note 1. Basis of Presentation

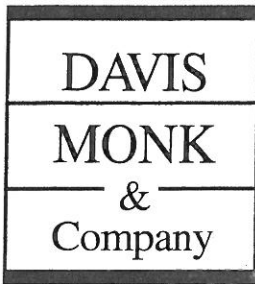
The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Gainesville, Florida and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit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

Note 2. Subrecipients

The City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.218	\$379,014
HOME Investment Partnership Grant	14.239	\$293,285

The City did not provide state awards to subrecipients.



Certified Public Accountants
& Business Consultants

*A Partnership Consisting of
Professional Associations*

Mailing address:

P.O. Box 13494
Gainesville, Florida 32604

Location:

4010 N.W. 25th Place
Gainesville, Florida 32606

Phone:

(352) 372-6300
(800) 344-5034

Fax:

(352) 375-1583

Website:

www.davismonk.com

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT

Honorable Mayor and City Commissioners
City of Gainesville, Florida:

Compliance

We have audited the compliance of the City of Gainesville, Florida (the City), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2003. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2003.

Members:

CPAmerica International

Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath
International

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program or state project in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 03-2 and 03-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are material weaknesses.

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, 2003, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2003. Our report on the basic financial statements included a reference to the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Honorable Mayor and City Commissioners
City of Gainesville, Florida

Page Three

This report is intended solely for the information and use of the Audit and Finance Committee, management and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Mark & Company

December 23, 2003
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
CITY OF GAINESVILLE, FLORIDA**

Part I - Summary of Auditors' Results

1. The auditors' report on the basic financial statements was unqualified.
2. A reportable condition in internal control over financial reporting was disclosed by the audit. The reportable condition was not considered to be a material weakness.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. Reportable conditions in internal control over major federal programs and state projects were disclosed by the audit. The reportable conditions were considered to be material weaknesses.
5. The auditors' report on compliance for the major federal programs and state projects was unqualified.
6. The audit disclosed findings relative to the major federal programs and state projects.
7. The City's major programs/projects were:

<u>Federal Programs</u>	<u>CFDA No.</u>
Community Development Block Grant-Entitlement	14.218
Local Law Enforcement Block Grants Program	16.592
Public Safety Partnership and Community Policing	16.710
Federal Equitable Sharing Proceeds	16.XXX
Federal Transit Administration – Formula Grants	20.507
<u>State Projects</u>	<u>CSFA No.</u>
State Housing Initiatives Partnership Program	52.901
Public Transit Block Grant Program	55.010

8. A threshold of \$300,000 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 did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
CITY OF GAINESVILLE, FLORIDA**

Part II - Financial Statement Findings

03-1 *Condition and Criteria:* Our review of the City's procurement card ("ProCard") program revealed several instances where a receipt was not available to adequately document the public purpose of a purchase. We also observed some receipts that were signed by someone other than the cardholder, indicating that the credit card had been shared.

Effect: There was noncompliance with the City's prescribed policies and procedures regarding ProCard purchases.

Recommendation: Supervisory reviews of ProCard purchases should be improved to help ensure compliance with the City's system of internal control.

Part III – Findings and Questioned Costs – Federal Programs

Questioned
Costs

03-2 *Condition and Criteria:* Internal controls were not sufficient to ensure that financial reports to the grantor were accurately prepared for the Community Development Block Grant ("CDBG") program (CFDA No. 14.218).

Effect: There were instances where transactions of the CDBG program were not accurately reported to the Department of Housing and Urban Development.

\$ --

Recommendation: Internal controls over the CDBG program should be strengthened. Internal control activities should include approval of financial reports by a responsible party and agreement of amounts reported to amounts recorded in the general ledger.

Part IV – Findings and Questioned Costs – State Projects

03-3 *Condition and Criteria:* In the State Housing Initiatives Partnership ("SHIP") program, we identified an applicant who received benefits although the applicant's income was above the level allowable for eligibility. The applicant had not disclosed monthly benefit payments from the Veterans Administration.

Effect: The applicant received \$15,030 of unallowable benefits.

\$15,030

Recommendation: Procedures used to verify income should be strengthened to reduce the risk of providing SHIP benefits to individuals who are not eligible to receive benefits.



CITY OF GAINESVILLE

Finance Department

The following is a summary of the September 30, 2002 audit findings and the current status of each finding. The City feels that each item has been addressed appropriately during the past fiscal year and actions have been taken to correct these problems.

PRIOR AUDIT FINDING NO. 1:

Condition and Criteria: Internal controls were not sufficient to ensure that financial reports to grantors were accurately prepared for the Community Development Block Grant (CFDA No.14.218) and the Federal Transit Administration Formula Grant (CFDA No. 20.507). This finding is also applicable to SHIP (CSFA No. 52.901) and Public Transit Block Grant Program (CSFA No. 55.010). We noted instances where costs associated with financial assistance programs were not accurately reported in the City's reports to grantors.

Effect: No excess funds were received by the city as a result of this condition. The City has submitted revised reports to the grantors, where applicable.

Recommendation: Internal controls should be strengthened over the preparation of financial reports to grantors. Internal control activities should include approval of financial reports by a responsible party and agreement of amounts reported to amounts recorded in the general ledger.

CURRENT STATUS:

The internal control procedures related to the preparation, review and submission of financial reports to grantors was reviewed and strengthened. This included requirements that reports undergo review and approval by a separate responsible party prior to submission, and verification of reported amounts to the City's general ledger.

Accounting Division

Station 14 • P.O. Box 490 • Gainesville, FL 32602-0490
352.334.5034 • FAX 352.334.3163



CITY OF GAINESVILLE

Finance Department

In connection with our September 30, 2003 financial statement audit and single audit, our external auditors listed findings as set forth below. We have developed a plan for corrective action on these findings as follows. This plan will be implemented by the applicable departments within the City and overseen by the City Manager, Wayne Bowers. He can be contacted at (352) 334-5010.

Financial Statement Findings

CURRENT AUDIT FINDING NO. 03-1:

Condition and Criteria: Our review of the City's procurement card ("ProCard") program revealed several instances where a receipt was not available to adequately document the public purpose of a purchase. We also observed some receipts that were signed by someone other than the cardholder, indicating that the credit card had been shared.

Effect: There was noncompliance with the City's prescribed policies and procedures regarding ProCard purchases.

Recommendation: Supervisory reviews of ProCard purchases should be improved to help ensure compliance with the City's system of internal control.

CORRECTIVE ACTION PLAN:

A Web based software program has been acquired which will assist the procurement card administrator, as well as department heads, to monitor procurement card activity on an on-line real time basis. Additionally, communications have been sent to each cardholder reinforcing the appropriate procedures for card usage and purchase approval. Finally, these procedures will continue to be included in ongoing training programs for new cardholders and supervisors.

Findings and Questioned Costs – Federal Programs

CURRENT AUDIT FINDING NO. 03-2:

Condition and Criteria: Internal controls were not sufficient to ensure that financial reports to the grantor were accurately prepared for the Community Development Block Grant ("CDGB") program (CFDA No. 14.218).

Accounting Division

Station 14 • P.O. Box 490 • Gainesville, FL 32602-0490
352.334.5034 • FAX 352.334.3163

Effect: There were instances where transactions of the CDBG program were not accurately reported to the Department of Housing and Urban Development.

Recommendation: Internal controls over the CDBG program should be strengthened. Internal control activities should include approval of financial reports by a responsible party and agreement of amounts reported to amounts recorded in the general ledger.

CORRECTIVE ACTION PLAN:

Internal control procedures related to the preparation, review and submission of CDBG reimbursement requests will be strengthened. This will include:

- Preparation of monthly reimbursement requests
- Verification of requested reimbursement amounts to the City's general ledger

Findings and Questioned Costs – State Projects

CURRENT AUDIT FINDING NO. 03-3:

Condition and Criteria: In the State Housing Initiatives Partnership (“SHIP”) program, we identified an applicant who received benefits although the applicant’s income was above the level allowable for eligibility. The applicant had not disclosed monthly benefit payments from the Veterans Administration.

Effect: The applicant received \$15,030 of unallowable benefits.

Recommendation: Procedures used to verify income should be strengthened to reduce the risk of providing SHIP benefits to individuals who are not eligible to receive benefits.

CORRECTIVE ACTION PLAN:

Internal control procedures related to the income verification process will be reviewed and strengthened, including review and approval by a separate responsible party, to verify that all possible income is included in the income calculation.

Management Letter

City Commission, City of Gainesville, Florida and
Gainesville Regional Utilities

In planning and performing our audit of the financial statements of Gainesville Regional Utilities (GRU) for the year ended September 30, 2003, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. The following suggestions, which resulted from our consideration of internal control, are submitted to assist in improving procedures and controls.

Status of Prior Year Findings and Recommendations

The statuses of recommendations made in prior years management letters are included in the Status of Prior Year's Recommendations and Management's Responses (Appendix A).

Current Year Findings and Recommendations

Financial Reporting and Accounting

Inventory Valuation

During our inventory observation procedures and in discussions with GRU stores management personnel, we noted that there are items in inventory that may no longer be usable in the system and could be considered obsolete, which would affect the carrying value of any such inventory items. While a detailed summary of these items and the related carrying costs has not yet been prepared, Generally Accepted Accounting Principles (GAAP) require that inventory be reported at its net realizable value, after adjusting for any obsolete items. It is management's contention that any reserve for obsolete inventory items would likely not have a material impact to GRU's financial statements; however, we nevertheless recommend that GRU conduct an inventory reserve analysis focusing on items with low turnover and obsolete items to determine the necessity and amount for any potential obsolescence allowance.

Management's Response

Management agrees with the recommendation to conduct an inventory reserve analysis to determine if a reserve should be created and at what dollar level it should be established.

This letter is intended solely for the information and use of management, the City Commission of the City of Gainesville, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

Appendix A

Gainesville Regional Utilities

Management Letter

Status of Prior Year's Recommendations and Management's Responses

<u>Prior Year Recommendations</u>	<u>Comment continues to be relevant</u>	<u>Comment has been addressed or is no longer relevant</u>
Financial Statement Close Process		X
Utility Plant Projects		X
Plant Asset Depreciation Rates	X	
Accounting Software Installations		X
System Security – Programmer Access to Production		X
System Security – Terminated Employees		X
Disaster Recovery/Business Continuity Planning		X

Prior Year Findings and Recommendations

Financial Reporting and Accounting

Plant Asset Depreciation Rates

Prior Year Recommendation

During our review of the depreciation process, we noted that the plant assets' useful lives used in computing depreciation is based on studies performed in 1966 and 1976. We also noted that the overall composite depreciation rate is somewhat lower than industry average based on comparisons to other utility providers. The Federal Energy Regulatory Commission recommends that the useful lives be studied and updated every five years. However, while we agree that such studies should be performed periodically to ensure the reasonableness of the depreciation rates, we believe that a review and update to the composite rates at least every 10 years would be sufficient for GRU. Accordingly, we recommend that a formal depreciation study be performed and that asset useful lives be adjusted as necessary based on the results of that study.

Prior Year Management's Response

Management agrees with the recommendation. As time permits, we will perform a study of depreciation rates and use the results to update our rates to their appropriate levels.

Current Year Status

During the year GRU began an analysis of its depreciation rates and has collected data from its engineering department on the estimated remaining useful lives of the plant assets.

Current Year Management's Response

Management continues to agree with this recommendation. We have summarized the major asset categories and have met with several of the GRU engineers to get their evaluations of the estimated service lives of major plant components. So far, our engineers are estimating lives to exceed book value. We are not sure how to substantiate these estimates to the auditors and have requested their assistance on how to proceed.