

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
City of Gainesville, Florida
Fiscal Year Ended September 30, 2008**

**Prepared By
The Budget & Finance Department**

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS

<i>Pegeen Hanrahan</i>	<i>Mayor</i>
<i>Jack Donovan</i>	<i>Mayor-Commissioner Pro-Tem</i>
<i>Thomas Hawkins</i>	<i>Commissioner</i>
<i>Scherwin Henry</i>	<i>Commissioner</i>
<i>Craig Lowe</i>	<i>Commissioner</i>
<i>Jeanna Mastrodicasa</i>	<i>Commissioner</i>
<i>Lauren Poe</i>	<i>Commissioner</i>

APPOINTED OFFICIALS

<i>Russ Blackburn</i>	<i>City Manager</i>
<i>Robert Hunzinger</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>Brent Godshalk</i>	<i>City Auditor</i>
<i>Jimmie Williams</i>	<i>Equal Opportunity Director</i>

BUDGET & FINANCE PROGRAM STAFF

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

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CITY OF
GAINESVILLE

every path starts with passion

FLORIDA

March 13, 2009

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

Dear Mayor, Commissioners, and Citizens:

Formal Transmittal of the Comprehensive Annual Financial Report

It is our pleasure to submit this *Comprehensive Annual Financial Report* for the City of Gainesville, Florida for the fiscal year ended September 30, 2008. The report fulfills the requirements set forth in the *City Code of Ordinances*, Section 2-433; *Florida Statutes*, Chapter 166.241; and the *Rules of the Florida Auditor General*, Chapter 10.550. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, the City Code of Ordinances, and the Government Finance Officers Association.

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

Florida Statutes and the *City Code of Ordinances* require that an annual financial audit be performed by independent certified public accountants. This year the audit was performed jointly by 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, 2008, 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, 2008, 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.

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

Profile of the City

The **City of Gainesville** is the most populous city in and serves as the county seat of Alachua County. The City also serves as the cultural, educational and commercial center for the North Central Florida region. Gainesville is located midway between the Gulf of Mexico and the Atlantic Ocean and halfway between Miami and Pensacola. There are approximately 60 square miles of land included within the corporate boundaries of the City. As of April 1, 2008, the official population estimate was 122,671.

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

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

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

Internal support services include the following:

- **accounting and reporting**
- **accounts payable and payroll**
- **billing & collections**
- **budgeting and monitoring**
- **cash management**
- **City-wide management**
- **computer systems support**
- **debt management**
- **equal opportunity**
- **fleet maintenance**
- **facilities maintenance**
- **human resources**
- **information systems**
- **investment management**

- labor relations
- mail services
- property control
- purchasing
- risk management
- strategic planning

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

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

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

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

Local economy. The economic landscape in Gainesville continues to be dominated by the government sector. Statistics compiled by the Bureau of Economic and Business Research at the University of Florida indicate that one of every three jobs in Gainesville is provided by the federal, state or local government. This reliance on jobs from other than the private sector tends to modify Gainesville's reaction to external economic stimuli, such that the local economy grows less rapidly than others during boom periods but also suffers less during economic declines. The City's unemployment rate is 4.9%, which is significantly lower than the state and national averages but is an increase from 3.0% at the same time last year. Enrollment at the University of Florida, the engine for the area's economy, has remained steady with a 2008 enrollment of more than 51,000 students.

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:

- Construction and remediation of the Depot Park Downtown Stormwater Basin.
- Construction of a centralized fleet garage for use by both General Government and the Utility.
- Traffic signal synchronization project to improve traffic flow.
- Construction of a new fire station (#8), including the hiring of an additional 13 firefighters.
- The Utility currently forecasts the need for a new electric supply by about 2018. Details on this project can be found in the accompanying Management's Discussion and Analysis on page MDA-10 and MDA-11

Property tax reform. The Florida legislature and electorate have passed two initiatives into law which will result in reduced property tax revenues in future years. These are described in more detail in the MD&A, on page MDA-9.

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 is invested in certificates of deposit, instruments issued by agencies of the United States of America, corporate notes, money market funds, and up to 10% in equity indexes. The continued economic downturn has resulted in significant investment losses in the City's pension and other post-employment benefits plans in fiscal year 2008 and 2009.

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**. 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. Stop-loss insurance is maintained for any individual claim exceeding **\$165,000**.

Pension and other post-employment benefits. The City provides several pension and other post-employment benefit (OPEB) plans for its employees:

- (1) Consolidated Police Officers' and Firefighters' Retirement Plan (Consolidated Plan)
- (2) Employees' Pension Plan (Employees' Plan)
- (3) Employees' Disability Pension Plan (Disability Plan)
- (4) Other Post-Employment Benefit Plan (OPEB Plan)
- (5) Defined Contribution Pension Plan

The *Employees' Plan*, *Disability 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 Plan** Board employs eight investment managers, three of which invest in domestic equity securities, one that invests in international equity securities, one that invests in fixed income securities, one which invests in real estate, and two which invest in alternative strategies. At September 30, 2008, the fair value of *Consolidated Plan* assets was **\$162,672,088**.

The **Employees' Plan** has eleven investment managers, four of which invest in domestic equity securities, two of which invest in international equity securities, one which invests in fixed income securities, two which invest in real estate, and two which invest in alternative strategies. At September 30, 2008, the fair value of the *Employees' Plan* assets was **\$252,156,347**.

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

The **Disability Plan** is invested with six investment managers, four of which invest in domestic equity securities, one international equity manager and one fixed income manager. At September 30, 2008, the fair value of the *Disability Plan* assets was **\$4,535,227**.

The **OPEB Plan** also provides certain health care insurance benefits for retired employees and their beneficiaries. As of the end of the fiscal year, 740 retirees participated in the retiree health insurance program, which is funded on an actuarial basis. The *OPEB Plan* is invested with six investment managers, four of which invest in domestic equity securities, one international equity manager and one fixed income manager. At September 30, 2008, the fair value of the *OPEB Plan* assets was **\$48,655,806**.

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 the participating employee contributes 5%. These contributions are submitted to external retirement corporations that are responsible for management of the investments as directed by the employee. The City does not have fiduciary accountability for this Plan and, accordingly, the Plan is not reported in the accompanying financial statements.

Additional information on the City's pension and other postemployment benefits can be found in **Notes 2 and 3** 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, 2007. 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, 2007. The City of Gainesville has received this award consecutively since the fiscal year beginning October 1, 1984. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

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

Respectfully submitted,



Russ Blackburn
City Manager



Becky Rountree, CPA
Administrative Services Director



Mark S. Benton
Finance Director



April Shuping, CPA
Controller

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, 2007

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

2008 Organizational Chart

Citizens of Gainesville

City Commission

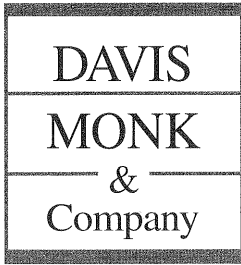




CITY OF
GAINESVILLE

every path starts with passion

FLORIDA



Certified Public Accountants
& Business Consultants

A Partnership Consisting of
Professional Associations

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Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath International

Independent Auditors' Report

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, 2008, 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, 2008, and the respective changes in financial position and, where applicable, cash flows 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 March 13, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the schedules 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 typed name and date.

March 13, 2009
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, 2008. 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 \$573,139,614 (*net assets*). Of this amount, \$41,352,348 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$37,669,980 as a result of fiscal year 2008 operations.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$69,994,515, an increase of \$21,343 in comparison with the prior year. Of the total ending fund balances, \$56,728,955 is available for spending at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, the undesignated fund balance in the General Fund was \$8,095,412.
- The City's total bonded debt increased by \$169.4 million, or 22% during the current fiscal year. The components of this change are discussed in detail in the bonded debt section below.

Overview of the Financial Statements

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

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

The *statement of net 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 decreases 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 have 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 (such as uncollected taxes and earned but unused sick leave).

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

The government-wide financial statements include not only the City itself, but also a legally separate enterprise zone development agency, 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 sixty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other sixty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with its General Fund budget and the City's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 54-60 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds, and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 61-126 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 \$573,139,614 at the close of the most recent fiscal year. Approximately 79% 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 Activities		Business-type Activities		Total	
	FY08	FY07	FY08	FY07	FY08	FY07
Current and other assets	\$ 192,655,249	\$ 193,035,603	\$ 500,728,776	\$ 409,138,276	\$ 693,384,025	\$ 602,173,879
Capital assets	131,154,576	122,931,512	987,512,953	869,070,437	1,118,667,529	992,001,949
Total assets	323,809,825	315,967,115	1,488,241,729	1,278,208,713	1,812,051,554	1,594,175,828
Long-term liabilities						
outstanding	168,855,704	176,374,385	774,631,994	596,367,169	943,487,698	772,741,554
Other liabilities	14,414,652	13,451,134	281,009,590	272,513,506	295,424,242	285,964,640
Total liabilities	183,270,356	189,825,519	1,055,641,584	868,880,675	1,238,911,940	1,058,706,194
Net assets:						
Invested in capital assets,						
net of related debt	96,668,703	92,860,038	355,005,449	349,405,887	451,674,152	442,265,925
Restricted	32,633,862	24,744,773	47,479,252	38,409,591	80,113,114	63,154,364
Unrestricted	11,236,904	8,536,785	30,115,444	21,512,560	41,352,348	30,049,345
Total net assets	\$ 140,539,469	\$ 126,141,596	\$ 432,600,145	\$ 409,328,038	\$ 573,139,614	\$ 535,469,634

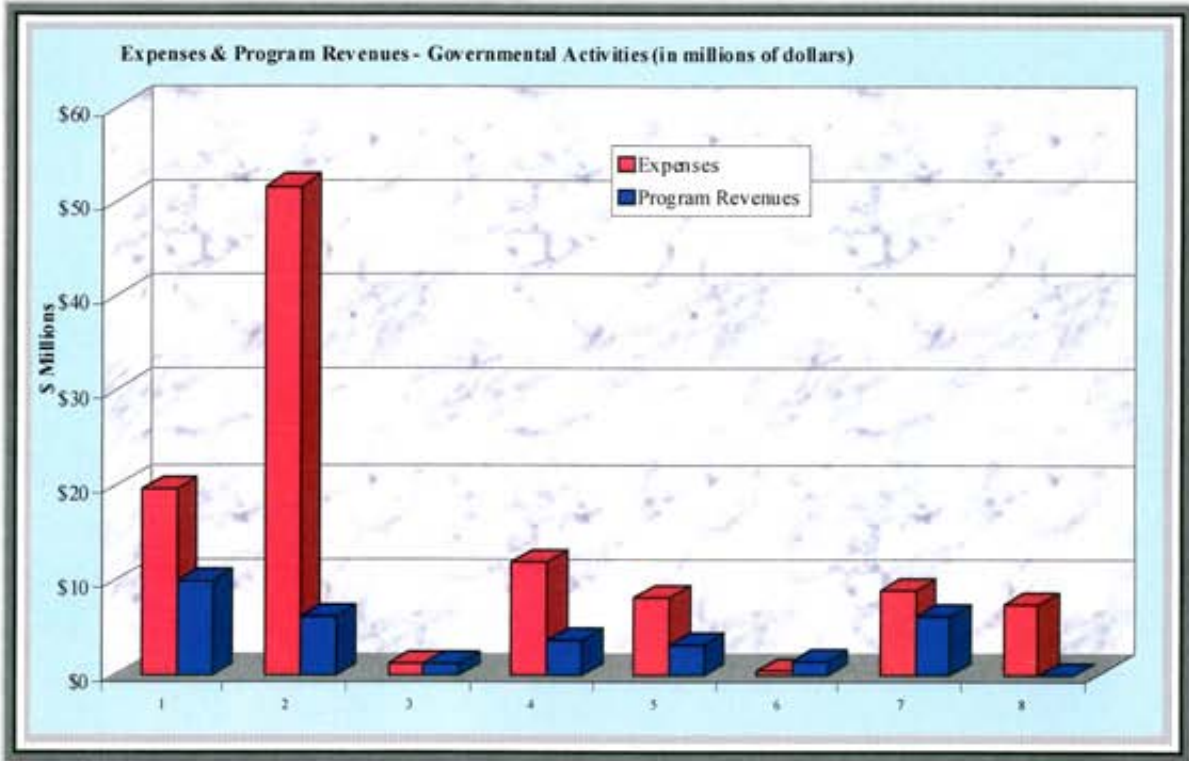
An additional portion of the City's net assets (\$80,113,114 or 14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$41,352,348) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net assets increased by \$37,669,980 during the current fiscal year. This increase is primarily due to Utility operations and is explained further in the following sections.

City of Gainesville Changes in Net Assets						
	Governmental activities		Business-type activities		Total	
	FY08	FY07	FY08	FY07	FY08	FY07
Revenues:						
Program revenues:						
Charges for services	\$ 18,042,987	\$ 17,785,839	\$ 361,426,762	\$ 320,975,389	\$ 379,469,749	\$ 338,761,228
Operating grants and contrib.	7,606,468	6,109,549	9,103,954	6,191,062	16,710,422	12,300,611
Capital grants and contrib.	6,822,160	8,093,971	5,134,693	15,903,334	11,956,853	23,997,305
General revenues:						
Property taxes	26,163,266	25,974,094	-	-	26,163,266	25,974,094
Other taxes	22,432,162	19,906,074	-	-	22,432,162	19,906,074
State revenue sharing	3,919,560	4,190,182	-	-	3,919,560	4,190,182
Interest	2,744,915	5,862,894	9,370,421	11,581,622	12,115,336	17,444,516
Other revenues	3,142,232	1,318,358	18,896,561	5,880,934	22,038,793	7,199,292
Total revenues	90,873,750	89,240,961	403,932,391	360,532,341	494,806,141	449,773,302
Expenses:						
General government	19,676,597	17,066,712	-	-	19,676,597	17,066,712
Public safety	51,608,781	49,394,763	-	-	51,608,781	49,394,763
Physical environment	1,144,211	2,790,089	-	-	1,144,211	2,790,089
Transportation	11,787,373	12,220,979	-	-	11,787,373	12,220,979
Economic environment	8,118,429	8,492,950	-	-	8,118,429	8,492,950
Human services	367,706	284,999	-	-	367,706	284,999
Culture & recreation	8,784,045	6,527,215	-	-	8,784,045	6,527,215
Interest on long-term debt	7,420,509	7,504,485	-	-	7,420,509	7,504,485
Electric	-	-	226,444,987	192,569,894	226,444,987	192,569,894
Gas	-	-	29,688,866	27,732,906	29,688,866	27,732,906
Water	-	-	21,282,566	18,895,269	21,282,566	18,895,269
Wastewater	-	-	26,027,811	22,704,103	26,027,811	22,704,103
GRUCom	-	-	10,437,988	8,421,765	10,437,988	8,421,765
Regional transit system	-	-	19,234,349	17,282,667	19,234,349	17,282,667
Stormwater	-	-	4,774,960	5,095,939	4,774,960	5,095,939
Ironwood	-	-	1,317,753	1,325,727	1,317,753	1,325,727
Florida building code enf.	-	-	2,025,997	1,783,856	2,025,997	1,783,856
Solid waste	-	-	6,993,233	10,009,758	6,993,233	10,009,758
Total expenses	108,907,651	104,282,192	348,228,510	305,821,884	457,136,161	410,104,076
Increase(Decrease) in net assets						
before transfers	(18,033,901)	(15,041,231)	55,703,881	54,710,457	37,669,980	39,669,226
Transfers	32,431,774	31,058,421	(32,431,774)	(31,058,421)	-	-
Increase in net assets	14,397,873	16,017,190	23,272,107	23,652,036	37,669,980	39,669,226
Net assets - October 1	126,141,596	110,124,406	409,328,038	385,676,002	535,469,634	495,800,408
Net assets - September 30	\$ 140,539,469	\$ 126,141,596	\$ 432,600,145	\$ 409,328,038	\$ 573,139,614	\$ 535,469,634

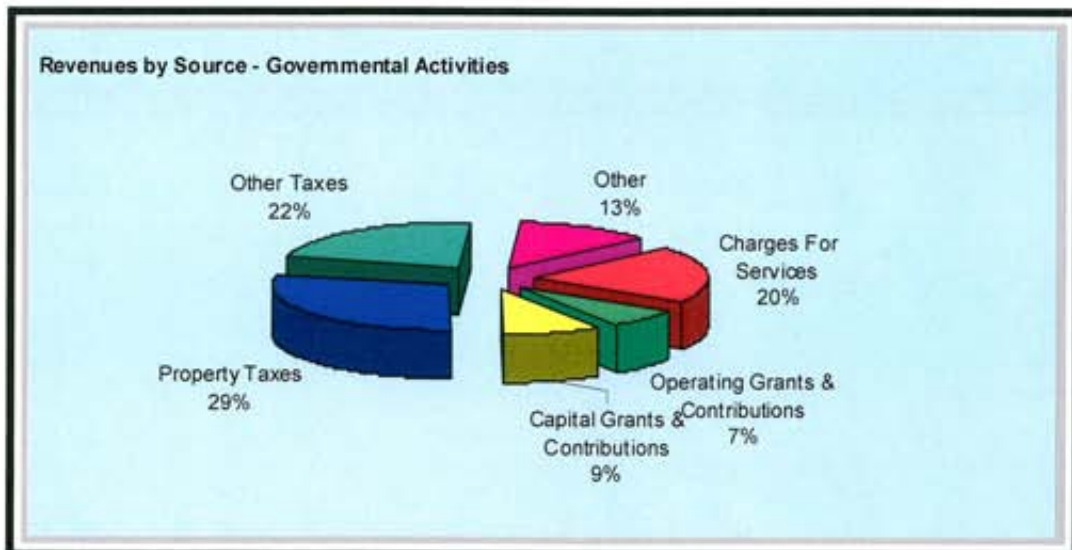
Governmental activities. Governmental activities' expense increased by \$4,625,259 or approximately 4.4%. The principal components of this increase are shown below:

- Normal salary increases were awarded for the year, which account for the majority of the increase.
- Other increases are due to higher utility rates and fuel costs during fiscal year 2008.



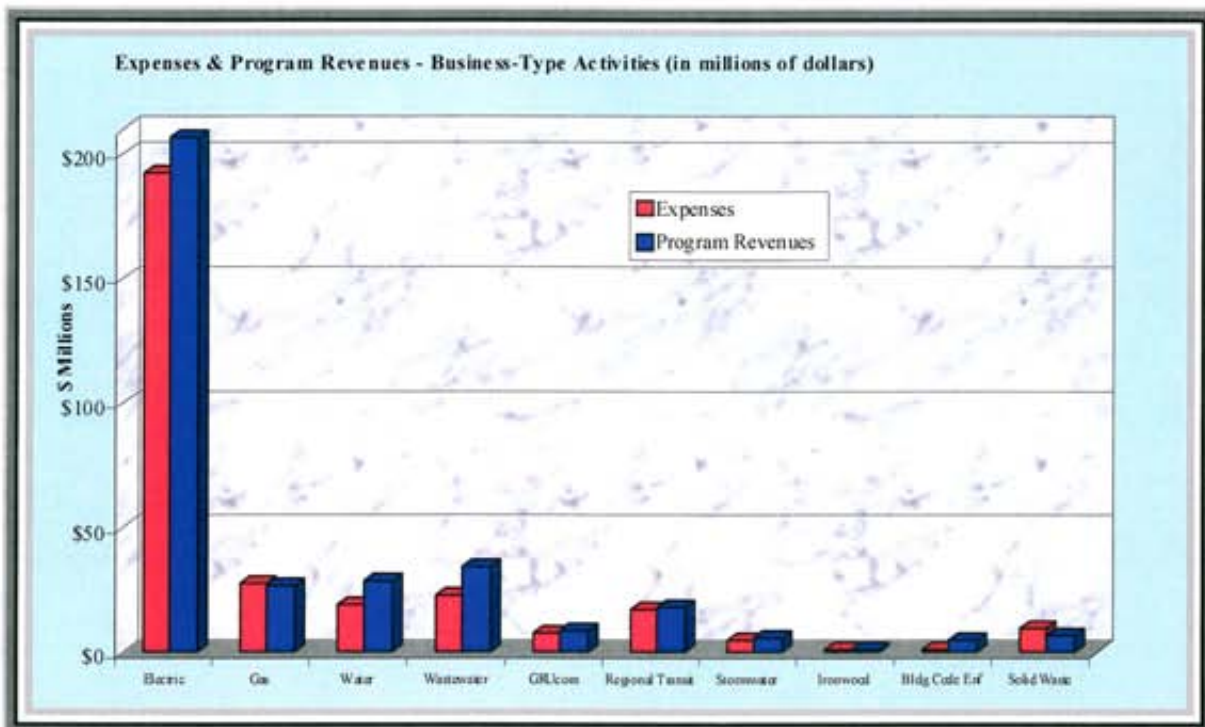
Key elements of governmental activities revenues are as follows:

- Property taxes had a much smaller increase than the City has historically experienced, primarily due to the voted State-wide initiative (Amendment 1) to double the homestead exemption.
- The City experienced an approximately \$3.1 million decrease (53%) in interest earnings in the current year.



Business-type activities. Business-type activities' key elements for fiscal year 2008 are as follows:

- Utilities operating sales revenue increased \$41.7 million, or approximately 14.3%. Included in this amount is an increase in revenue of approximately \$23.9 million related to higher fuel costs which are passed directly through to customers as part of a fuel adjustment charge, which is recorded as revenue. The remaining increase in sales revenue is a result of rate increases implemented in October 2007.
- The year end fuels payable increased \$1.8 million, or approximately 24.8%. The primary reason for this increase is an increase in coal prices. During fiscal year 2008, several short-term coal contracts expired, causing the utility to purchase coal on the spot market at higher prices.
- Net capital contributions from developers decreased in the current fiscal year by \$9.7 million, primarily due to a large number of developments being put into service during fiscal year 2007. The Utility records contributions when each project is placed in service.
- The number of customers for electric, water, wastewater and gas services increased 3.3%, 3.0%, 2.2% and 2.0% respectively in fiscal year 2008.
- Gainesville Regional Utilities is in the process of remediation efforts at a former manufactured gas plant site. The costs incurred to date total \$4.3 million and the remaining costs of the project are estimated at \$13.3 million. However, to date, the Utility has recovered \$3.3 million from insurance. After recognizing collection fees paid, a net recovery of \$2.2 million has been realized which will directly reduce the amount to be recovered through customer billings. A regulatory asset and liability have been accrued to account for the cost and cost recovery, which is being amortized as costs are incurred and customer revenues are received.



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 \$69,994,515, an increase of \$21,343 in comparison with the prior year. Approximately 81% (\$56,728,955) 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 (\$7,748,081), 2) to pay debt service (\$499,000), 3) noncurrent receivables (\$4,416,344), and 4) for a variety of other restricted purposes (\$602,135).

The general fund is the chief operating fund of the City. At the end of the current fiscal year there was \$8,095,412 undesignated fund balance of the general fund, while total fund balance was \$14,448,820. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance is 9.85% of total expenditures, while total fund balance represents 17.59% of that same amount.

The fund balance of the City's general fund decreased by \$2,303,747 during the current fiscal year. Key factors in this decrease from the prior year are as follows:

- A \$2.6 million transfer was made in fiscal year 2008 from the general fund to the general capital projects fund for the unexpended portion of approved capital projects that have the general fund as a funding source. In prior years, this amount was designated within fund balance.
- Sales tax and state revenue sharing receipts came in at approximately \$1.1 million below budgeted amounts, due to the downturn in the economy during the year.
- Property tax revenues experienced a slight (\$170,651) decrease from 2007 due to Amendment 1 which doubled the homestead exemption and placed constraints on property values.

The special revenue funds have a total fund balance of \$22,131,389, which represents an increase of \$2,802,012 from last year's balance of \$19,329,377. The debt service funds have a total fund balance of \$1,283,834, \$499,000 of which is reserved for debt service. The net increase in fund balance for the current year for these funds was \$239,965. Fund balance in the capital projects funds decreased by \$716,887 from \$32,847,359 to \$32,130,472. This decrease is primarily due to the expenditure of \$4.9 million from the CIRB 2005 bond issue for capital projects, and was partially offset by the above mentioned \$2.6 million transfer to the general capital projects fund from the general fund.

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

General Fund Budgetary Highlights

The difference between the original and final revenue budget was \$351,203 or 0.56%. The difference between the original and final general fund budget for expenditures was \$115,728, or 0.14%. Accordingly, there are no significant revenue budget amendments to discuss.

The only significant changes between the original and final budgets were made in the transfers out category. This increased by \$4.0 million, or 33%. This increase is composed of many small adjustments throughout the fiscal year and the following larger adjustments:

- \$1.9 million increase due to transfer of previously approved capital project funding to the general capital projects fund.
- \$802,540 in additional property tax revenue earned by the Tax Increment Districts and due to those funds in addition to funding for a specialized workforce program for homeless persons.
- \$525,000 transfer to a special revenue fund for acquisition of environmentally sensitive land.

The only significant variances between the final budget and actual results for general fund revenues occurred in taxes and intergovernmental revenues. Taxes increased due to increased collections of utility taxes due to utility rate increases as well the collection of telecommunications taxes at a higher rate than expected. The variance in intergovernmental revenue was due to the decrease in sales taxes and state revenue sharing due to the downturn in the economy, resulting in lower levels of consumer spending.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2008 totals \$1,118,667,529 (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:

- Approximately \$4.8 million to acquire the Hogtown Creek Headwaters Property, funded by a donation from Home Depot and a grant.
- Acquisition of about \$1.6 million in vehicles for the fleet.
- Approximately \$1.4 million for the traffic signal synchronization project.
- Over \$1.3 million to improve parks and pools, including new playground equipment.
- Regional Transit System acquired approximately \$4.1 million of new buses and vehicles.
- Following the implementation of its new Customer Information System in 2007, the Utility is continuing its SAP software utilization with the implementation of a Financial Management Information System, which is planned to go live in Spring 2009. \$1.9 million was incurred in 2008 of the project's total \$9.0 estimated cost.
- Electric transmission and distribution capital assets were expanded by \$13.8 million, which includes \$5.6 million in underground system improvements.
- The Utility is in the second year of construction of its South Energy Center. The South Energy Center is a combined heat and power facility built to provide the Shands medical campus with steam, chilled water and backup power in case of a disaster and is planned to be operational in 2009. In 2008, the Utility incurred \$30 million of the total estimated \$45 million project cost.
- The Utility began work on its Air Quality Control project at the Deerhaven 2 power plant in 2007. \$62.6 million was expended on the project during the current fiscal year, for a total of \$89.5 million spent to date. The project is expected to be complete by the summer of 2009 at a total cost of \$141 million.
- Water plant system expansion included the filter system upgrade at the Murphree Plant. In 2008, \$3.4 million was incurred, and the final phase of this upgrade is planned for 2010, bringing the estimated total cost of this project to \$8.5 million.
- Telecommunication fiber cable expansion was \$1.7 million in 2008.
- Gas distribution plant was expanded \$1.0 million in 2008.

	Governmental activities		Business-type activities		Total	
	FY08	FY07	FY08	FY07	FY08	FY07
Land	\$ 24,803,152	\$ 19,278,776	\$ 3,710,676	\$ 3,732,790	\$ 28,513,828	\$ 23,011,566
Utility P&E	-	-	647,612,045	647,586,291	647,612,045	647,586,291
Buildings	26,963,916	26,859,672	3,797,040	3,946,303	30,760,956	30,805,975
Improvements	3,091,632	2,101,864	1,354,177	1,467,584	4,445,809	3,569,448
Mach & equip	12,144,161	11,620,462	11,767,743	9,013,711	23,911,904	20,634,173
Infrastructure	56,599,908	56,753,329	7,854,538	7,434,891	64,454,446	64,188,220
Const in prog	7,551,807	6,317,409	311,416,734	195,888,867	318,968,541	202,206,276
Total	\$ 131,154,576	\$ 122,931,512	\$ 987,512,953	\$ 869,070,437	\$ 1,118,667,529	\$ 992,001,949

Additional information on the City's capital assets can be found in Note 6 on pages 45-46 of this report.

Bonded debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$955,284,829. This entire amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) and excludes issuance premiums and discounts.

City of Gainesville's Outstanding Bonded Debt

	Governmental activities	Business-type activities	Total
Pension and OPEB obligation bonds	\$ 114,007,609	\$ -	\$ 114,007,609
Revenue bonds & utility notes	<u>48,782,220</u>	<u>792,495,000</u>	<u>841,277,220</u>
Total	<u>\$ 162,789,829</u>	<u>\$ 792,495,000</u>	<u>\$ 955,284,829</u>

The City's total bonded debt increased by approximately \$169.4 million, or 22% 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 \$105,000,000 and \$90,000,000 in Utilities System Revenue Bonds, Series 2008A and 2008 B, respectively, which were used to pay costs of acquisition and construction of the City's Utility systems. In addition, the Utility issued \$62 million Utilities System Commercial Paper Notes, Series C to refund the 2002 Series A and B Bonds.

The City's utility system debt is rated Aa2 and AA by Moody's Investors Services and Standard & Poor's, respectively for its revenue bonds. The utility system has ratings of A-1 and P-1 for commercial paper. The Moody's underlying rating on the General Government First Florida Governmental Financing Commission Loans are A2.

The Fitch rating on the City's pension and OPEB bonds was increased in fiscal year 2005 from A to A+ and the City's implied underlying general obligation bond rating was also increased from A+ to AA-.

Additional information on the City's long-term debt can be found in Note 5 on pages 36-44 of this report.

Economic Factors and Next Year's Budgets and Rates

Some of the significant factors considered in preparing the City's fiscal year 2009 budgets were:

- The continued economic downturn has resulted in reduced property values and reduced consumer spending which is projected to cause the City's major revenue sources to either stagnate or decline during fiscal year 2009.
- House Bill 1B, passed by the Florida Legislature in 2007 and voter approval of Amendment 1 in January 2008 have combined to have a significant negative effect on property tax revenue growth. Management expects the revenue produced in 2009 from this source have little or no growth over 2008 revenue.
- Dramatic swings in fuel costs have resulted in the necessity of increasing the amount budgeted for fuel, especially in the Regional Transit System which relies on diesel fuel for the bus fleet.
- At the beginning of fiscal year 2009, utility rates increased significantly (electric by 7%, water by 9%, wastewater by 10%, and gas by 19%). These rate increases will result in higher energy costs to the City. Management has implemented several energy savings initiatives, including building retrofits and switching to a four-day, ten-hour work week to shut down operations one extra day per week.
- A long term structural issue with the retiree health insurance liability resulted in an increased subsidy of retirees' health insurance costs by both the City as well as active employees. The

City Commission approved a change in the program's structure effective January 1, 2009 which will reduce the actuarial liability and which is expected to slow the growth in that liability in future years.

- Despite the current economic downturn, the FY 09-13 capital improvement plan includes over \$56 million to address infrastructure needs, including a planned debt issue of \$10 million in fiscal year 2009 of which \$1.2 million will go towards energy saving initiatives.
- Gainesville's unemployment rate is currently 4.9%. This is significantly lower than the state and national averages but is an increase from 3.0% at the same time last year.
- Per capita income in Gainesville is \$31,391. This equates to 82% of state and 81% of national levels.
- Over half of Gainesville's jobs are supplied by the government, education and health services sectors. Such an economic structure tends to mitigate the impact of external economic stimuli. Gainesville's economy does not rise as much as the national average during economic expansions, nor fall as much during economic declines. However, the State's current economic problems are having a noticeable impact on the University of Florida, which is a primary driver of Gainesville's local economy. The University has experienced a series of funding cuts leading to enrollment caps and faculty and staff reductions. Continued cuts will generate further negative impacts on the local economy and on the City's ability to generate revenues.

Utility highlights for the 2009 fiscal year budget are as follows:

- The primary factors affecting the utility industry include environmental regulations, restructuring of the wholesale energy market, the formation of independent bulk power transmission systems and the increasing strategic and price differences among various types of fuels.
- Utilities, and particularly electric utilities, are subject to increasing federal, state and local statutory and regulatory requirements with respect to the location and licensing of facilities, safety and security, air and water quality, land use and other environmental factors.
- Reinstatement of the Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR), or the promulgation of other rules to the same end create uncertainty as to the capital, operating and maintenance expenditures which will be required by the Deerhaven and JR Kelly generating stations in 2009 and 2010, which may be significant..
- Restructuring of wholesale markets and the formation of independent transmission systems has slowed considerably. No state legislation is pending or proposed at this time for retail competition in Florida. Any such restructuring of the Florida retail electric utility industry would be expected to affect the Utility. Currently, there is no initiative concerning retail electric deregulation in Florida or nationwide.
- On October 1, 2008, the Utility implemented a 7% revenue requirement increase in the electric system to be recovered across all classes. The customer charge for all classes and all services was increased to the cost of service. The Utility also increased rates for the water system by 9%, for the wastewater system by 10% and for the gas system by 19%. This represents an overall monthly increase of \$13.06 for a typical residential customer with all four services.
- Water and wastewater connection fee charges were increased by 3.2% to meet increased costs of service.
- The emerging role of municipalities as telecommunications providers has resulted in a number of state-level legislative initiatives across the nation to curtail this activity. In Florida, this has culminated in the passage of SB1322. Although the Utility has special status as a grandfathered entity under this legislation, there are some implications should GRUCom seek to expand into additional areas of service.
- The Utility's long term energy supply strategy is to aggressively pursue the maximum cost effective energy conservation and renewable energy. Based on the most recent forecasts, which include the effects of aggressive conservation programs, the Utility has adequate reserves of generating capacity to meet forecasted loads plus a 15% reserve margin through 2020. Additional capacity includes 7 megawatts of distributed generation (four combined heat and power and three renewable), and 2.5 megawatts of additional nuclear capacity due to Progress Energy Florida's planned upgrade of the Crystal River 3 nuclear unity (of which the Utility owns a small share). Management bases its forecast of future energy needs upon the population forecast for Gainesville produced annually by the Bureau of Economic and Business Research at

the University of Florida. GRU management has been authorized by the City Commission to negotiate a long term contract to secure the output from a 100 megawatt biomass fueled power plant. The proposed facility will be located on a portion of land leased from the Deerhaven power plant site, but owned and operated by a third party. The project is expected to provide a long term hedge against volatile fossil fuel costs and potential federal and state renewable energy requirements and/or carbon regulations.

- On December 10, 1998, the City 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, the City entered into a 38-year lease and simultaneously a 20-year leaseback. On May 17, 2006 the Tax Increase Prevention and Reconciliation Act of 2005 was signed which imposes an excise tax on certain types of leasing transactions entered into by tax-exempt entities. Based on regulations released by the Internal Revenue Service in 2007, the Utility currently anticipates that it will owe little, if any excise tax under the Act, but this result is not certain given the interpretive questions that still remain with respect to the excise tax. On November 2008, Moody's Investors Service and Standard & Poor's downgraded their respective credit ratings of Ambac Assurance Corporation, a financial guaranty insurance company that provided credit enhancement for the transaction. Under the terms of the lease/leaseback transaction document the Utility is required to provide substitute credit enhancement within thirty days of the occurrence of Ambac's ratings downgrades. The Utility has negotiated the termination price which will result in a \$13.2 million obligation scheduled to be paid by the Utility upon the closing of the termination scheduled in late February. Additional detail on this transaction may be found in Note 13, on pages 51 of this report and in Note 18, on page 53 of this report.
- The Utility currently carries a reserve balance of \$2.25 million, primarily for possible liability related to the oil contamination at the Kelly Generating Station. In July of 2006, the Utility was notified by the Florida Department of Environmental Protection (FDEP) that provisions of Chapter 62-780, F.A.C. must be complied with on this site. This Rule is currently being utilized to establish a process and time schedule for assessment and remediation of the site. The Utility's liability utilizing this Rule is unknown and cannot be reasonably estimated at this time. Therefore, the Utility will make no changes to the reserve balance until further information is received and a reasonable estimate can be established.

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, 2008

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	GEZDA	CRA
ASSETS					
Cash and cash equivalents	\$ 667,533	\$ 5,550	\$ 673,083	\$ -	\$ -
Equity in pooled cash and investments	80,831,298	13,426,977	94,258,275	4,576	196,501
Investments	1,366,454	-	1,366,454	-	-
Receivables	13,229,291	55,460,887	68,690,178	-	-
Internal balances	(1,759,610)	1,759,610	-	-	-
Inventories	128,245	16,679,259	16,807,504	-	-
Prepays	-	10,686,909	10,686,909	-	-
Assets held for evidence	156,271	-	156,271	-	-
Deferred charges and other assets	2,339,433	128,516,540	130,855,973	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	274,193,044	274,193,044	-	-
Negative net pension obligation asset	72,638,196	-	72,638,196	-	-
Negative net OPEB obligation asset	23,058,138	-	23,058,138	-	-
Capital assets (net of accumulated depreciation):					
Utility plant and equipment	-	647,612,045	647,612,045	-	-
Buildings	26,963,916	3,797,040	30,760,956	-	-
Improvements other than buildings	3,091,632	1,354,177	4,445,809	-	-
Machinery and equipment	12,144,161	11,767,743	23,911,904	-	-
Infrastructure	56,599,908	7,854,538	64,454,446	-	-
Capital Assets (not depreciated):					
Land	24,803,152	3,710,676	28,513,828	-	-
Construction in progress	7,551,807	311,416,734	318,968,541	-	-
Total assets	<u>\$ 323,809,825</u>	<u>\$ 1,488,241,729</u>	<u>\$ 1,812,051,554</u>	<u>\$ 4,576</u>	<u>\$ 196,501</u>
LIABILITIES					
Accounts payable	\$ 11,343,765	\$ 36,166,322	\$ 47,510,087	\$ -	\$ 8,389
Accounts payable - payroll	1,713,601	942,483	2,656,084	-	16,111
Accrued interest payable	278,282	-	278,282	-	-
Unearned revenue	1,079,004	147,899,170	148,978,174	-	-
Liabilities payable from restricted assets:					
Accrued interest payable	-	15,907,528	15,907,528	-	-
Other liabilities payable from restricted assets	-	80,094,087	80,094,087	-	-
Long-term debt due within one year	8,082,648	22,140,000	30,222,648	-	136,111
Long-term debt due in more than one year	160,773,056	752,491,994	913,265,050	-	3,661,410
Total liabilities	<u>\$ 183,270,356</u>	<u>\$ 1,055,641,584</u>	<u>\$ 1,238,911,940</u>	<u>\$ -</u>	<u>\$ 3,822,021</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 96,668,703	\$ 355,005,449	\$ 451,674,152	\$ -	\$ -
Restricted for:					
Debt service	499,000	11,389,236	11,888,236	-	-
Capital projects	15,207,463	-	15,207,463	-	-
Utility plant improvement	-	24,495,171	24,495,171	-	-
Investment in The Energy Authority	-	2,447,440	2,447,440	-	-
Nuclear decommissioning reserve	-	8,529,188	8,529,188	-	-
Tax increment zones	8,431,532	-	8,431,532	-	-
Federal and state grants	7,067,528	-	7,067,528	-	-
Cemetery care	1,353,789	-	1,353,789	-	-
Other purposes	74,550	618,217	692,767	-	-
Unrestricted	11,236,904	30,115,444	41,352,348	4,576	(3,625,520)
Total net assets	<u>\$ 140,539,469</u>	<u>\$ 432,600,145</u>	<u>\$ 573,139,614</u>	<u>\$ 4,576</u>	<u>\$ (3,625,520)</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, 2008

FUNCTIONS/PROGRAMS	PROGRAM REVENUES					NET(EXPENSE)REVENUE AND CHANGES IN NET ASSETS					
	Charges for		Operating		Capital	Governmental		Primary Government		Component Units	
	Expenses	Services	Contributions	Grants and	Contributions	Activities	Business-type	Activities	GEZDA	CRA	
PRIMARY GOVERNMENT											
Governmental activities:											
General government	\$ 19,676,597	\$ 9,822,901	\$ 12,000	\$ -	\$ -	\$ (9,841,696)	\$ -	\$ (9,841,696)	\$ -	\$ -	\$ -
Public safety	51,608,781	3,571,167	2,225,022	216,925	-	(45,595,667)	-	(45,595,667)	-	-	-
Physical environment	1,144,211	72,946	35,470	1,121,510	-	85,715	-	85,715	-	-	-
Transportation	11,787,373	2,627,633	658,687	317,877	-	(8,183,176)	-	(8,183,176)	-	-	-
Economic environment	8,118,429	747,983	2,351,519	9,918	-	(5,009,009)	-	(5,009,009)	-	-	-
Human services	367,706	7,742	1,441,148	-	-	1,081,184	-	1,081,184	-	-	-
Culture & recreation	8,784,045	1,192,615	882,622	5,155,930	-	(1,552,878)	-	(1,552,878)	-	-	-
Interest on long-term debt	7,420,509	-	-	-	-	(7,420,509)	-	(7,420,509)	-	-	-
Total governmental activities	108,907,651	18,042,987	7,606,468	6,822,160	-	(76,436,036)	-	(76,436,036)	-	-	-
Business-type activities:											
Electric	226,444,987	238,595,628	-	-	-	-	12,150,641	12,150,641	-	-	-
Gas	29,688,866	29,583,927	-	-	-	-	(104,939)	(104,939)	-	-	-
Water	21,282,566	25,094,180	-	2,442,142	-	-	6,253,756	6,253,756	-	-	-
Wastewater	26,027,811	29,819,878	-	2,039,835	-	-	5,831,902	5,831,902	-	-	-
GRUCom	10,437,988	10,277,819	-	-	-	-	(160,169)	(160,169)	-	-	-
Regional Transit System	19,234,349	10,316,215	9,103,954	29,994	-	-	215,814	215,814	-	-	-
Stormwater Management	4,774,960	6,079,419	-	622,722	-	-	1,927,181	1,927,181	-	-	-
Ironwood Golf Course	1,317,753	895,238	-	-	-	-	(422,515)	(422,515)	-	-	-
Florida Building Code Enforcement	2,025,997	3,154,858	-	-	-	-	1,128,861	1,128,861	-	-	-
Solid Waste	6,993,233	7,609,600	-	-	-	-	616,367	616,367	-	-	-
Total business-type activities	348,228,510	361,426,762	9,103,954	5,134,693	-	-	27,436,899	27,436,899	-	-	-
Total primary government	\$ 457,136,161	\$ 379,469,749	\$ 16,710,422	\$ 11,956,853	-	(76,436,036)	27,436,899	(48,999,137)	-	-	-
COMPONENT UNITS											
Gainesville Enterprise Zone Development Agency	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	(865,809)
Community Redevelopment Agency	865,809	-	-	-	-	-	-	-	-	-	(865,809)
Total component units	\$ 865,809	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	(865,809)
General revenues:											
Property taxes						26,163,266	-	26,163,266	-	-	-
Franchise & utility taxes						9,239,888	-	9,239,888	-	-	-
Communications services tax						6,302,170	-	6,302,170	-	-	-
Half cent sales tax						6,890,104	-	6,890,104	-	-	-
State revenue sharing (unrestricted)						3,919,560	-	3,919,560	-	-	-
Gain on sale of capital assets						380,753	53,325	434,078	-	-	-
Other unrestricted general revenues						2,761,479	18,843,236	21,604,715	-	-	1,019,886
Interest						2,744,915	9,370,421	12,115,336	182	-	4,912
Transfers						32,431,774	(32,431,774)	-	-	-	-
Total general revenues and transfers						90,833,909	(4,164,792)	86,669,117	182	1,024,798	-
Change in net assets						14,397,873	23,272,107	37,669,980	182	158,989	-
Net assets - beginning						126,141,596	409,328,038	535,469,634	4,394	(3,784,509)	-
Net assets - ending						\$ 140,539,469	\$ 432,600,145	\$ 573,139,614	\$ 4,576	\$ (3,625,520)	-

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

CITY OF GAINESVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 579,533	\$ 579,533
Equity in pooled cash and investments	2,033,873	54,986,118	57,019,991
Investments	-	1,366,454	1,366,454
Receivables	9,154,835	3,901,834	13,056,669
Due from other funds	5,975,646	10,204	5,985,850
Inventories	21,708	-	21,708
Assets held for evidence	-	156,271	156,271
Total assets	<u>\$ 17,186,062</u>	<u>\$ 61,000,414</u>	<u>\$ 78,186,476</u>
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 2,338,321	\$ 1,417,499	\$ 3,755,820
Due to other funds	-	2,454,641	2,454,641
Deferred revenue	398,921	1,582,579	1,981,500
Total liabilities	<u>2,737,242</u>	<u>5,454,719</u>	<u>8,191,961</u>
Fund balances:			
Reserved	4,629,909	8,635,651	13,265,560
Unreserved, reported in:			
General Fund			
Designated for Future Use	1,723,499	-	1,723,499
Undesignated	8,095,412	-	8,095,412
Special Revenue Funds			
Designated for Future Use	-	4,019,142	4,019,142
Undesignated	-	15,438,364	15,438,364
Debt Service Funds			
Undesignated	-	784,834	784,834
Capital Projects Funds			
Designated for Future Use	-	23,567,063	23,567,063
Undesignated	-	3,100,641	3,100,641
Total fund balances	<u>14,448,820</u>	<u>55,545,695</u>	<u>69,994,515</u>
Total liabilities and fund balances	<u>\$ 17,186,062</u>	<u>\$ 61,000,414</u>	<u>\$ 78,186,476</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, 2008

Total fund balances: governmental funds balance sheet	\$	69,994,515
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. The cost of the assets is \$250,836,488 and the accumulated depreciation is \$127,232,893. This excludes internal service fund capital assets which are included in the internal service fund adjustment below.		123,603,595
Long term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities of internal service funds are included in the internal service fund adjustment below. Other governmental long-term liabilities at year end consist of:		
Bonds and promissory notes payable	164,024,195	
Capital lease payable	808,654	
Compensated absences	3,491,217	(168,324,066)
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.		2,309,795
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.		(278,282)
In fund financial statements, governmental fund types recognize discounts and premiums during the current period as other financing sources and uses. In the government-wide statements, discounts and premiums are applied against bonds payable.		
Discounts	92,147	
Premiums	(532,210)	(440,063)
Liabilities for earned but unavailable revenues are reported in the funds, but not in the statement of net assets.		902,496
Negative net pension obligation and OPEB obligation assets created through treatment of Taxable Pension Obligation Bonds and Taxable OPEB Obligation Bonds as employer contribution to defined benefit pension plans are not recognized in the funds.		
Negative net pension obligation asset	72,638,196	
Negative net OPEB obligation asset	23,058,138	95,696,334
Internal service funds are used by management to charge the costs of fleet management, general insurance, employees health insurance, and retirees health insurance. The assets and liabilities of the internal service funds, including net capital assets of \$7,550,981 and compensated absences liabilities of \$91,575, are included in governmental activities in the statement of net assets.		17,075,145
Net assets of governmental activities	\$	140,539,469

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, 2008

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes	\$ 40,716,642	\$ 4,203,207	\$ 44,919,849
Licenses and permits	1,060,465	-	1,060,465
Intergovernmental	11,925,099	13,838,079	25,763,178
Charges for services	7,175,792	2,205,088	9,380,880
Fines and forfeitures	1,601,396	673,378	2,274,774
Miscellaneous	1,501,165	5,726,242	7,227,407
Total revenues	<u>63,980,559</u>	<u>26,645,994</u>	<u>90,626,553</u>
EXPENDITURES			
Current:			
General government	16,131,055	339,589	16,470,644
Public safety	47,495,480	2,372,332	49,867,812
Physical environment	772,805	198,667	971,472
Transportation	10,475,811	1,114,613	11,590,424
Economic environment	330,548	7,304,113	7,634,661
Human services	-	410,920	410,920
Culture and recreation	6,943,209	1,222,750	8,165,959
Debt service:			
Principal	-	7,747,796	7,747,796
Interest	-	7,336,659	7,336,659
Capital outlay	-	12,967,402	12,967,402
Total expenditures	<u>82,148,908</u>	<u>41,014,841</u>	<u>123,163,749</u>
Excess of revenues over(under) expenditures	<u>(18,168,349)</u>	<u>(14,368,847)</u>	<u>(32,537,196)</u>
OTHER FINANCING SOURCES(USES)			
Transfers in	31,891,072	18,746,932	50,638,004
Transfers out	<u>(16,026,470)</u>	<u>(2,052,995)</u>	<u>(18,079,465)</u>
Total other financing sources(uses)	<u>15,864,602</u>	<u>16,693,937</u>	<u>32,558,539</u>
Net change in fund balances	<u>(2,303,747)</u>	<u>2,325,090</u>	<u>21,343</u>
Fund balances - beginning	<u>16,752,567</u>	<u>53,220,605</u>	<u>69,973,172</u>
Fund balances - ending	<u>\$ 14,448,820</u>	<u>\$ 55,545,695</u>	<u>\$ 69,994,515</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, 2008

Net changes in fund balances - total governmental funds	\$	21,343
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded in the current period, excluding internal service fund activity.</p>		
		15,343,221
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense recorded in the current period, excluding internal service fund activity.</p>		
		(6,666,303)
<p>In the governmental funds, revenue cannot be recognized until it is available to liquidate liabilities of the current period. In the statement of activities, revenue is recognized as soon as it is earned regardless of its availability.</p>		
		(170,459)
<p>Proceeds of pension obligation bonds issued during FY2003 and other post-employment benefit obligation bonds issued during FY2005 were contributed to the pension plans and the OPEB plan to retire the unfunded obligations. Governmental funds report such outlays as expenditures. However, the outlay is reported as an asset on the Statement of Net Assets. The impact on the Statement of Activities is the amortization of the Negative NPO and Negative Net OPEB Obligation during the current fiscal year.</p>		
Amortization of Negative Net Pension Obligation	(1,891,049)	
Amortization of Negative Net OPEB Obligation	<u>(1,252,910)</u>	(3,143,959)
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net assets. This is the amount of repayment of principal of long-term debt recorded in the current period.</p>		
		7,747,796
<p>Governmental funds report the effect of bond premiums and discounts when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of the effect of the difference in treatment of bond premiums and discounts.</p>		
Amortization of bond premiums	53,988	
Amortization of bond discounts	<u>(6,180)</u>	47,808
<p>Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of the effect of the difference in treatment of unamortized debt issuance costs.</p>		
Amortization of debt issuance costs		(158,871)
<p>Governmental funds do not recognize expenditures for the long-term accrued liability associated with compensated absences. This is the amount of the change in the liability account, excluding the amount attributable to internal service funds, which is included in the internal service fund adjustment below.</p>		
		(258,502)
<p>Governmental funds do not recognize expenditures for the liability associated with accrued interest payable on long-term debt. This is the amount of the change in the liability account.</p>		
		27,213
<p>Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. A portion of the net revenue of certain activities of internal service funds is reported in governmental activities.</p>		
		<u>1,608,586</u>
Change in net assets of governmental activities	<u>\$</u>	<u>14,397,873</u>

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

CITY OF GAINESVILLE, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2008

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL</u>
	<u>Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 5,550	\$ 5,550	\$ 88,000
Equity in pooled cash and investments	4,568,882	8,858,095	13,426,977	23,811,307
Receivables	52,596,477	2,864,410	55,460,887	170,831
Due from other funds	749,642	4,996,955	5,746,597	500,336
Inventories	15,896,581	782,678	16,679,259	106,537
Prepaid rent - lease/leaseback	10,686,909	-	10,686,909	-
Prepaid expenses	-	-	-	29,638
Deferred charges	8,670,229	-	8,670,229	-
Restricted assets - cash and investments	117,986,615	-	117,986,615	-
Total current assets	<u>211,155,335</u>	<u>17,507,688</u>	<u>228,663,023</u>	<u>24,706,649</u>
Noncurrent assets:				
Restricted assets - cash and investments	156,206,429	-	156,206,429	-
Prepaid rent - lease/leaseback	97,963,332	-	97,963,332	-
Other noncurrent assets	21,882,979	-	21,882,979	-
Capital assets (net of accumulated depreciation)				
Utility plant & equipment	647,612,045	-	647,612,045	-
Buildings	-	3,797,040	3,797,040	52,089
Improvements other than buildings	-	1,354,177	1,354,177	13,592
Machinery and equipment	-	11,767,743	11,767,743	7,070,344
Infrastructure	-	7,854,538	7,854,538	-
Capital assets (not depreciated)				
Land	-	3,710,676	3,710,676	146,033
Construction in progress	307,148,736	4,267,998	311,416,734	268,923
Total capital assets	<u>954,760,781</u>	<u>32,752,172</u>	<u>987,512,953</u>	<u>7,550,981</u>
Total noncurrent assets	<u>1,230,813,521</u>	<u>32,752,172</u>	<u>1,263,565,693</u>	<u>7,550,981</u>
Total assets	<u>1,441,968,856</u>	<u>50,259,860</u>	<u>1,492,228,716</u>	<u>32,257,630</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	34,732,452	1,433,870	36,166,322	9,233,959
Accounts payable - payroll	539,939	402,544	942,483	65,796
Due to other funds	4,407,955	5,370,187	9,778,142	-
Current portion of long-term debt	133,768	21,232	155,000	3,521
Deferred credits	6,452,527	-	6,452,527	-
Current liabilities payable from restricted assets:				
Rate stabilization deferred credit	63,886,197	-	63,886,197	-
Accrued interest payable	15,907,528	-	15,907,528	-
Current portion of long-term debt	21,985,000	-	21,985,000	-
Other liabilities payable from restricted assets	16,207,890	-	16,207,890	-
Total current liabilities	<u>164,253,256</u>	<u>7,227,833</u>	<u>171,481,089</u>	<u>9,303,276</u>
Noncurrent liabilities:				
Long-term debt	751,961,199	530,795	752,491,994	88,054
Operating lease - lease/leaseback	114,225,173	-	114,225,173	-
Other noncurrent liabilities	27,221,470	-	27,221,470	-
Total noncurrent liabilities	<u>893,407,842</u>	<u>530,795</u>	<u>893,938,637</u>	<u>88,054</u>
Total liabilities	<u>1,057,661,098</u>	<u>7,758,628</u>	<u>1,065,419,726</u>	<u>9,391,330</u>
NET ASSETS				
Invested in capital assets, net of related debt	322,253,277	32,752,172	355,005,449	7,550,981
Restricted for:				
Debt service	11,389,236	-	11,389,236	-
Utility plant improvement	24,495,171	-	24,495,171	-
Other purposes	10,976,628	618,217	11,594,845	-
Unrestricted	15,193,446	9,130,843	24,324,289	15,315,319
Total net assets	<u>\$ 384,307,758</u>	<u>\$ 42,501,232</u>	<u>\$ 426,808,990</u>	<u>\$ 22,866,300</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, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL
	Utility	Other Enterprise Funds	Totals	ACTIVITIES - Internal Service Funds
Operating revenues:				
Sales and service charges	\$ 333,371,432	\$ 28,055,330	\$ 361,426,762	\$ 22,412,399
Employer contributions	-	-	-	5,800,455
Employee contributions	-	-	-	4,203,514
Other operating revenues	16,598,164	255,072	16,853,236	191,469
Total operating revenues	<u>349,969,596</u>	<u>28,310,402</u>	<u>378,279,998</u>	<u>32,607,837</u>
Operating expenses:				
Operations and maintenance	202,704,048	29,510,034	232,214,082	9,924,825
Administrative and general	38,402,370	3,326,403	41,728,773	2,049,551
Depreciation and amortization	44,724,361	2,186,216	46,910,577	1,941,844
Benefits paid and other expenses	-	-	-	16,665,015
Total operating expenses	<u>285,830,779</u>	<u>35,022,653</u>	<u>320,853,432</u>	<u>30,581,235</u>
Operating income (loss)	<u>64,138,817</u>	<u>(6,712,251)</u>	<u>57,426,566</u>	<u>2,026,602</u>
Nonoperating revenues (expenses):				
Investment income	9,369,300	1,121	9,370,421	253,114
Interest expense	(28,194,844)	-	(28,194,844)	-
Gain on disposal of capital assets	-	53,325	53,325	164,542
Local option gas tax	-	1,990,000	1,990,000	-
Operating grants	-	9,103,954	9,103,954	-
Total nonoperating revenue(expenses)	<u>(18,825,544)</u>	<u>11,148,400</u>	<u>(7,677,144)</u>	<u>417,656</u>
Income before capital contributions and transfers	45,313,273	4,436,149	49,749,422	2,444,258
Capital contributions	4,481,977	652,716	5,134,693	110,858
Transfers in	-	987,281	987,281	-
Transfers out	(31,451,885)	(1,967,170)	(33,419,055)	(126,765)
Change in net assets	<u>18,343,365</u>	<u>4,108,976</u>	<u>22,452,341</u>	<u>2,428,351</u>
Total net assets - beginning	365,964,393	38,392,256	404,356,649	20,437,949
Total net assets - ending	<u>\$ 384,307,758</u>	<u>\$ 42,501,232</u>	<u>\$ 426,808,990</u>	<u>\$ 22,866,300</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, 2008

Change in net assets - Enterprise Funds	\$	22,452,341
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Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. A portion of the net revenue of certain activities of internal service funds is reported in business-type activities.

Look-back adjustment for the consolidation of internal service fund activity involving enterprise fund participants.	819,766
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Change in net assets of business-type activities	\$	23,272,107
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The notes to the financial statement are an integral part of this statement.

CITY OF GAINESVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
	<u>UTILITY</u> <u>FUND</u>	<u>OTHER</u> <u>ENTERPRISE</u> <u>FUNDS</u>	<u>TOTAL</u> <u>ENTERPRISE</u> <u>FUNDS</u>	<u>INTERNAL</u> <u>SERVICE</u> <u>FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers	\$ 331,845,993	\$ 29,137,256	\$ 360,983,249	\$ 32,445,277
Cash Paid to Suppliers	(168,718,291)	(18,021,057)	(186,739,348)	(26,643,679)
Cash Paid to Employees	(52,805,765)	(14,480,881)	(67,286,646)	(1,548,535)
Cash Paid for Operating Transactions with Other Funds	(8,676,985)	-	(8,676,985)	-
Other Operating Receipts	14,823,961	-	14,823,961	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>116,468,913</u>	<u>(3,364,682)</u>	<u>113,104,231</u>	<u>4,253,063</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Local Option Gas Tax	-	1,990,000	1,990,000	-
Operating Grants	-	4,641,866	4,641,866	-
Interest Paid	-	(286,817)	(286,817)	-
Transfers from Other Funds	-	987,281	987,281	-
Transfers to Other Funds	(31,451,885)	(1,967,170)	(33,419,055)	(126,765)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>(31,451,885)</u>	<u>5,365,160</u>	<u>(26,086,725)</u>	<u>(126,765)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u> <u>FINANCING ACTIVITIES</u>				
Principal Repayments on Long-Term Debt	(80,555,000)	-	(80,555,000)	-
Proceeds from Sale of Capital Assets	65,200	53,325	118,525	164,542
Interest Paid on Long-term Debt	(27,049,829)	-	(27,049,829)	-
Capital Contributions	-	4,462,088	4,462,088	-
Acquisition and Construction of Capital Assets	(145,450,660)	(4,641,718)	(150,092,378)	(1,377,133)
Proceeds from Debt Issued	257,000,000	-	257,000,000	-
Capitalized Connection Fees	4,436,762	-	4,436,762	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>8,446,473</u>	<u>(126,305)</u>	<u>8,320,168</u>	<u>(1,212,591)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest Received	5,605,430	292,402	5,897,832	253,114
Purchase of Investments	(924,502,246)	(6,592,194)	(931,094,440)	(17,720,375)
Investment in The Energy Authority	(1,200,000)	-	(1,200,000)	-
Distributions from The Energy Authority	1,266,057	-	1,266,057	-
Proceeds from Investment Maturities	836,699,000	4,362,820	841,061,820	13,516,208
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(82,131,759)</u>	<u>(1,936,972)</u>	<u>(84,068,731)</u>	<u>(3,951,053)</u>
NET INCREASE (DECREASE) IN CASH	11,331,742	(62,799)	11,268,943	(1,037,346)
CASH - OCTOBER 1, 2007	<u>2,107,030</u>	<u>2,334,250</u>	<u>4,441,280</u>	<u>7,216,278</u>
CASH - SEPTEMBER 30, 2008	<u>\$ 13,438,772</u>	<u>\$ 2,271,451</u>	<u>\$ 15,710,223</u>	<u>\$ 6,178,932</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, 2008

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	UTILITY FUND	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING INCOME (LOSS)	\$ 64,138,817	\$ (6,712,251)	\$ 57,426,566	\$ 2,026,602
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Depreciation and Amortization	44,724,361	2,186,216	46,910,577	1,941,844
Operating Lease-Lease/leaseback Revenue	(1,774,202)	-	(1,774,202)	-
(Increase)/Decrease in Receivables	(2,446,446)	826,854	(1,619,592)	(162,560)
(Increase)/Decrease in Due from Other Funds	-	(688,394)	(688,394)	269,053
(Increase)/Decrease in Inventories	3,497,264	(48,021)	3,449,243	2,786
(Increase)/Decrease in Prepaid Expenses	1,586,348	-	1,586,348	-
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	10,827,507	(254,845)	10,572,662	175,338
Increase/(Decrease) in Due to Other Funds	441,747	1,325,759	1,767,506	-
Increase/(Decrease) in Deferred Credits	(8,440,837)	-	(8,440,837)	-
(Increase)/Decrease in Deferred Debits	2,993,347	-	2,993,347	-
Increase/(Decrease) in Utility Deposits	921,007	-	921,007	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 116,468,913	\$ (3,364,682)	\$ 113,104,231	\$ 4,253,063
 RECONCILIATION OF CASH TO STATEMENT OF NET ASSETS				
Cash	\$ 13,438,772	\$ 2,271,451	\$ 15,710,223	\$ 6,178,932
Accrued Interest	782,299	-	782,299	-
CR3 Decommissioning Reserve	8,529,188	-	8,529,188	-
Investment in TEA	2,447,440	-	2,447,440	-
Investments	253,564,227	6,592,194	260,156,421	17,720,375
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER STATEMENT OF NET ASSETS	\$ 278,761,926	\$ 8,863,645	\$ 287,625,571	\$ 23,899,307
 NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES				
Contribution of Capital Assets	\$ 4,481,977	\$ 29,994	\$ 4,511,971	\$ 110,858
Change in Fair Value of Investments	-	(90,889)	(90,889)	(158,850)

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
SEPTEMBER 30, 2008

	PENSION AND OPEB TRUST FUNDS
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 4,873,590
Equity in Pooled Cash and Investments	5,883,431
Investments, at fair value:	
Equities	315,714,650
Real Estate	38,982,160
Alternative Investments	69,570,031
Fixed Income:	
Government Bonds	5,168,397
Corporate Bonds	18,897,892
Mortgage & Asset Backed Securities	8,070,894
Total Investments, at fair value	<u>456,404,024</u>
Investment Adjustments:	
Dividends Receivable	146,279
Interest Receivable	403,513
Receivable for Investments Sold	857,399
Payable for Investments Purchased	<u>(899,025)</u>
Total Investment Adjustments	508,166
Due from Other Funds	<u>350,257</u>
TOTAL ASSETS	<u>468,019,468</u>
 <u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	8,538
Due to Other Funds	<u>350,257</u>
TOTAL LIABILITIES	<u>358,795</u>
 NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS	 <u>\$ 467,660,673</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, 2008

	PENSION AND OPEB TRUST FUNDS
<u>ADDITIONS:</u>	
Contributions:	
Employer Contributions:	
Required	\$ 7,993,900
State on Behalf Payments, through General Fund	<u>1,295,411</u>
Total Employer Contributions	9,289,311
Employee Contributions	<u>10,990,106</u>
Total Contributions	<u>20,279,417</u>
Investment Income (Loss):	
Net Appreciation (Depreciation) in Fair Value of Investments	(90,276,704)
Dividends & Interest	<u>8,635,901</u>
Total Investment Income (Loss)	(81,640,803)
Less Investment Expense	<u>3,176,038</u>
Net Investment Income (Loss)	<u>(84,816,841)</u>
TOTAL ADDITIONS	<u>(64,537,424)</u>
<u>DEDUCTIONS:</u>	
Benefit Payments	35,677,989
Refunds of Contributions	479,086
Administrative Expenses	<u>1,028,896</u>
TOTAL DEDUCTIONS	<u>37,185,971</u>
CHANGE IN NET ASSETS	(101,723,395)
NET ASSETS - beginning	<u>569,384,068</u>
NET ASSETS - ending	<u>\$ 467,660,673</u>

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

CITY OF GAINESVILLE, FLORIDA

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September 30, 2008

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CITY OF GAINESVILLE, FLORIDA
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September 30, 2008

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CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

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 municipal services to its citizens including police and fire protection, community development, 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 the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component 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, 2008

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 2008 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 services. 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 and Other Post-Employment Benefit (OPEB) Trust Funds

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension and OPEB trust funds within

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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

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

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

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

The following governmental 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 City'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 its water, wastewater, natural gas transmission, and telecommunications operations.

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

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

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

(D) Deposits with Financial Institutions and Investments

Deposits and Investments

Deposits and investments as of September 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	\$ 673,083
Equity in pooled cash and investments	94,258,275
Investments	1,366,454
Restricted cash and cash equivalents	274,193,044

Statement of fiduciary net assets:

Cash and cash equivalents	4,873,590
Equity in pooled cash and investments	5,883,431
Investments:	
Equities	315,714,650
Real Estate	38,982,160
Alternative Investments	69,570,031
Government Bonds	5,168,397
Corporate Bonds	18,897,892
Mortgage & Asset Backed Securities	8,070,894

Total cash and investments	<u>\$ 837,651,901</u>
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Deposits and investments as of September 30, 2008 consist of the following:

Defined benefit pension:

Deposits with financial institutions	\$ 3,273,021
Investments	409,395,794

Other post employment benefit (OPEB):

Deposits with financial institutions	1,600,569
Investments	47,008,230

Other than defined benefit pension and OPEB:

Deposits with financial institutions	13,438,772
Investments	351,513,820
Utilities investment in The Energy Authority	2,447,740
Utilities CR3 decommissioning reserve	8,529,188
Accrued interest receivable	444,767

Total cash and investments	<u>\$ 837,651,901</u>
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Investment Policies

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

Defined Benefit Pension Investments

These funds represent investments administered by the City's Defined Benefit Pension Fund Investment Managers. They comprise \$409,395,794 of the City's total fair value of investments, and are exclusive of the \$3,273,021 held in cash by the Trustees.

These investments are reported at fair value. The fair value of this plan is derived through valuation efforts done by our investment managers in conjunction with our plan custodian. The fair values for the vast

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majority of these assets are readily available. For those assets whose fair value is less verifiable, the best available information is used.

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

Equity Funds (domestic)

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

Equity Funds (international)

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

Fixed Income Funds (domestic)

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

Fixed Income Funds (international)

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

Cash Equivalents

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

Real Estate and Alternative Assets

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

Pooled or Commingled Funds

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

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Derivatives

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

Restricted Investments – Prohibited

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

Other Post Employment Benefit (OPEB) Investments

These funds represent investments administered by the City’s OPEB Fund Investment Managers. They comprise \$ 47,008,230 of the City’s total fair value of investments, and are exclusive of the \$1,600,569 held in cash by the Trustees. These investments are reported at fair value. The fair value of this plan is derived through valuation efforts done by the City’s investment managers in conjunction with the plan custodian. The fair values for the vast majority of these assets are readily available. For those assets whose fair value is less verifiable, the best available information is used.

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

Equity Funds (domestic and international)

- Equity securities (including convertible bonds) listed on the New York, American and principal regional exchanges.
- Over-the-counter securities for which there is an active market maker regulated by the NASD.

Fixed Income Funds

- Marketable debt securities issued or guaranteed by either the United States Government or its agencies, domestic corporations (including industrial and utilities), or domestic banks and other United States financial institutions.

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

Equity Managers

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

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Fixed Income Managers

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

Other than Defined Benefit Pension and OPEB Investments

These funds comprise \$351,513,820 of the City's total fair value of investments. This figure excludes \$13,438,772 of deposits with financial institutions.

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

Investments The City's other investments are reported at fair value in accordance with *GASB Statement No. 31*. Fair value is based on market values.

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

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

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

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

Custodial Credit Risk - Deposits

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

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

Custodial Credit Risk - Investments

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

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

Credit Risk

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

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

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

Defined Benefit Pension Investments

Investment Type	Fair Value	Unrated/ Exempt	AAA	AA	A	BBB
Common Stock	\$ 136,901,543	\$ 136,901,543	\$ -	\$ -	\$ -	\$ -
Mutual Funds	246,651,258	246,651,258	-	-	-	-
Real Estate Inv Trust	597,937	597,937	-	-	-	-
US Government Bonds	1,331,211	-	1,331,211	-	-	-
Corporate Bonds	18,897,892	-	215,700	3,304,231	12,878,402	2,499,559
Mortgage & Asset Backed	5,015,953	849,881	4,166,072	-	-	-
Totals	\$ 409,395,794	\$ 385,000,619	\$ 5,712,983	\$ 3,304,231	\$ 12,878,402	\$ 2,499,559

OPEB Investments

Investment Type	Fair Value	Exempt from Disclosure	AAA	AA
Common Stock	\$ 40,116,475	\$ 40,116,475	\$ -	\$ -
US Government Bonds	3,641,049	-	3,641,049	-
Mortgage & Asset Backed	3,250,706	-	2,972,084	278,622
Totals	\$ 47,008,230	\$ 40,116,475	\$ 6,613,133	\$ 278,622

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Investment Type	Fair Value	Exempt from Disclosure	AAA
Money Market	\$ 46,476,144	\$ -	\$ 46,476,144
Mutual Funds	1,366,454	1,366,454	-
US Government Bonds	41,248,901	-	41,248,901
Totals	\$ 89,091,499	\$ 1,366,454	\$ 87,725,045

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

Investment Type	Fair Value	AAA	A-1
Money Market	\$ 8,858,095	\$ 8,858,095	\$ -
Commercial Paper	98,024,613	-	98,024,613
Government Bonds	155,539,613	155,539,613	-
Totals	\$ 262,422,321	\$ 164,397,708	\$ 98,024,613

Concentration of Credit Risk

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

Defined Benefit Pension Investments

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

CITY OF GAINESVILLE, FLORIDA
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OPEB Investments

Issuer	Investment Type	Fair Value	%
Federal National Mortgage Assn.	Federal Agency Securities	\$ 3,350,347	7.1%

Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Issuer	Investment Type	Fair Value	%
Federal Farm Credit Banks	Federal Agency Securities	\$ 12,578,551	12.7%
Federal National Mortgage Association	Federal Agency Securities	5,891,880	6.0%
Federal Home Loan Banks	Federal Agency Securities	7,934,380	8.0%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	14,844,090	15.0%

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

Issuer	Investment Type	Fair Value	%
Federal National Mortgage Association	Federal Agency Securities	\$ 16,493,526	10.9%
Federal Home Loan Banks	Federal Agency Securities	35,233,429	23.4%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	28,976,744	19.2%

Interest Rate Risk

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

Defined Benefit Pension Investments

Investment Type	Fair Value	< 2 years	2-5 years	5-10 yrs	> 10 yrs
Common Stock *	\$ 136,901,543	\$ -	\$ -	\$ -	\$ -
Mutual Funds *	246,651,258	-	-	-	-
Real Estate Inv Trust *	597,937	-	-	-	-
US Government Bonds	1,331,211	-	201,014	543,247	586,950
Corporate Bonds	18,897,892	3,346,314	4,512,282	6,541,280	4,498,016
Mortgage & Asset Backed	5,015,953	-	94,230	71,073	4,850,650
Totals	<u>\$ 409,395,794</u>	<u>\$ 3,346,314</u>	<u>\$ 4,807,526</u>	<u>\$ 7,155,600</u>	<u>\$ 9,935,616</u>

* Included but not required to be presented by maturity date

OPEB Investments

Investment Type	Fair Value	n/a	< 5 years	5-10 years	> 10 yrs
Common Stock	\$ 40,116,475	\$ 40,116,475	\$ -	\$ -	\$ -
US Government Bonds	3,641,049	-	2,336,851	1,304,198	-
Mortgage & Asset Backed Securities	3,250,706	-	244,677	-	3,006,029
Totals	<u>\$ 47,008,230</u>	<u>\$ 40,116,475</u>	<u>\$ 2,581,528</u>	<u>\$ 1,304,198</u>	<u>\$ 3,006,029</u>

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Other than Defined Benefit Pension and OPEB Investments – Governmental Activities

Investment Type	Fair Value	n/a	< 1 year	1-5 years	> 5 years
Money Market	\$ 46,476,144	\$ 46,476,144	\$ -	\$ -	\$ -
Mutual Funds	1,366,454	1,366,454	-	-	-
US Government Bonds	41,248,901	-	-	8,495,731	32,753,170
Totals	<u>\$ 89,091,499</u>	<u>\$ 47,842,598</u>	<u>\$ -</u>	<u>\$ 8,495,731</u>	<u>\$ 32,753,170</u>

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

Investment Type	Fair Value	n/a	< 1 year	1-5 years
Money Market	\$ 8,858,095	\$ 8,858,095	\$ -	\$ -
Commercial Paper	98,024,613	-	98,024,613	-
US Government Bonds	155,539,613	-	3,952,390	151,587,223
Totals	<u>\$ 262,422,321</u>	<u>\$ 8,858,095</u>	<u>\$ 101,977,003</u>	<u>\$ 151,587,223</u>

(E) Receivables

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

Advances between funds, as reported in the fund financial statements, are 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. Utilities service receivables are recorded at year end for services rendered but unbilled. They are calculated by prorating cycle billings subsequent to September 30, 2008 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, 2008, the allowance was \$39,288 for the General Fund and \$828,873 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

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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 capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

Depreciation of utility plant is computed using the straight-line method over estimated service lives ranging from 6 to 50 years. These service lives were changed in fiscal year 2005, which adjusted the overall depreciation rate of average depreciable property from 3.50% in fiscal year 2004 to 3.40% in fiscal year 2008.

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

City-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Progress Energy. 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 amortized to fuel expense based on the quantity of heat produced for the generation of electric energy in relation to the quantity of heat expected to be produced over the life of the nuclear fuel core. These costs are charged to customers through the fuel adjustment clause. See Note 15 for more detail on the CR3 agreement.

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 charged to accumulated depreciation. The associated cost of removal, net of salvage, is charged to depreciation expense as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. An allowance for interest on borrowed funds used during construction of \$2,599,000 is included in construction in progress for the Utilities Fund and as a corresponding reduction in interest expense. It is computed by applying the effective interest rate on the funds borrowed to finance the projects to the monthly balance of projects under construction. The effective interest rate was approximately 4.37%. 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statements of net 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.

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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

Currently, GRU prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 71, and records various regulatory assets and liabilities. For a company to report under SFAS No. 71, the company's rates must be designed to recover its costs of providing services, and the company must be able to collect those rates from customers. If it were determined, whether due to competition or regulatory action, that these standards no longer applied, GRU could be required to write off its regulatory assets and liabilities. Management believes that GRU currently meets the criteria for continued application of SFAS No. 71, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

Deferred charges are presented on the balance sheets under current assets, other non-current assets, current liabilities and other non-current liabilities. The largest deferred charge is for estimated environmental costs of \$15,908,000 at September 30, 2008. The manufactured gas plant remediation portion of this item is discussed in Note 12. Also included in deferred charges are unamortized bond issuance costs of \$6,750,000. These costs are being amortized straight-line over the life of the bonds, which approximates the effective interest method. Unrecognized hedge adjustments were \$3,082,000 at September 30, 2008. Accrued fuel adjustment was a deferred debit of \$3,144,000 at September 30, 2008. Electric distribution plant acquisition costs of \$2,957,000 are being amortized over the expected life of the acquired assets. Also included in deferred charges as a current liability, is a temporary transfer from the Rate Stabilization Reserve of \$3,950,000. This transfer was made in accordance with GRU's bond resolution for the purpose of meeting temporary cash requirements, primarily due to timing differences. Remaining smaller items make up the balance of the deferred charges.

(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. 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 \$3,337,000 is recorded in the Utility Fund as a fully amortized deferred credit. This amount was increased by \$1,231,000 during FY 2008 due to an actuarial study completed during that year. The present value calculation assumes a rate of return of 4.5% with a confidence level of 75%.

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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>
2007-2008	\$2,106,000	\$2,139,677	\$908,677	\$3,337,000
2006-2007	\$2,106,000	\$957,216	\$957,216	\$2,106,000

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>
2007-2008	\$6,714,000	\$2,442,165	\$2,442,165	\$6,714,000
2006-2007	\$6,714,000	\$2,366,962	\$2,366,962	\$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 that is based upon the volume of claims processed. Contributions for City employees and their dependents are shared by the City and the employee. Administrative fees are paid primarily out of this fund. Stop-loss insurance is maintained for this program at \$165,000 per individual. No claims have exceeded insurance coverage in the last three years. Changes in claims liability for the last two years are as follows:

	BEGINNING OF FISCAL YEAR			END OF FISCAL YEAR
	<u>LIABILITY</u>	<u>INCURRED</u>	<u>PAYMENTS</u>	<u>LIABILITY</u>
2007-2008	\$1,423,030	\$13,730,251	\$13,730,251	\$1,423,030
2006-2007	\$1,208,144	\$13,611,122	\$13,396,236	\$1,423,030

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

(L) Interfund Activity

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

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

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

(M) Property Taxes

Ad valorem property tax revenue is recognized as revenue in the fiscal year for which taxes are levied, measurable and available. Only property taxes collected within 60 days after year end are recognized as revenue. The total millage levy is assessed at **4.2544 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

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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.

(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 and a single-employer disability plan, which are accounted for in separate Pension Trust Funds in the fiduciary category herein.

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

(A) Defined Benefit Plans

Employees' Plan:

Plan Description. The Employees' Plan is a contributory defined benefit pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. The Employees' Plan provides retirement and death benefits to plan members and beneficiaries. The pension plan's basis of accounting is accrual; the policy is to recognize costs of the plan under accrual. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville. In October 2002, the Board of Trustees approved allowing participants to buy back City years of service at its actuarial valuation. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 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% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2008 for retirement and death benefits was 4.00% of covered payroll. This reduced rate 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'

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Plan - the 4.00% represents the ongoing normal cost of the plan. Administrative costs are financed through investment earnings.

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

Annual required contribution	\$ 3,133,358
Interest on net pension obligation	(3,348,167)
Adjustment to annual required contribution	4,517,097
Annual Pension Cost	\$ 4,302,288
Contributions Made	3,173,929
Change in net pension obligation	\$ 1,128,359
Net Pension Obligation (Asset), beginning of year	<u>(32,850,385)</u>
Net Pension Obligation (Asset), end of year	<u>\$ (31,722,026)</u>

The annual required contribution for the current year was determined as part of the October 1, 2007 actuarial valuation using the Individual 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 of 3.75%-7% per year, based on years of service. Both (a) and (b) included an inflation component of 3.75%. The assumptions include post-retirement benefit increases for those retirees who meet eligibility criteria. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on a closed basis. The amortization period at September 30, 2008 was 30 years.

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
09/30/06	\$ 3,189,427	\$ 2,489,336	78.0%	\$ (33,054,574)
09/30/07	2,852,197	2,648,008	92.8%	(32,850,385)
09/30/08	4,302,288	3,173,929	73.8%	(31,722,026)

Funded Status.

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as % of covered payroll <u>(b-a)/c</u>
9/30/08	\$ 293,371,107	\$ 307,961,854	\$ 14,590,747	95.26%	\$ 76,840,947	18.99%

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

Disability Plan:

Plan Description. The Disability Plan is a contributory defined benefit plan that covers all permanent employees of the City, except police officers and firefighters whose disability plan is incorporated in the Consolidated Plan. The Disability Plan provides disability benefits to plan members and beneficiaries. The Disability Plan's basis of accounting is accrual; the policy is to recognize costs of the plan under accrual. Benefits are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed

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through contribution and investment income, as appropriate. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Disability Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 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. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2008 for disability benefits was 0.60% of covered payroll. Administrative costs are financed through investment earnings.

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

Annual required contribution	\$	446,233
Interest on net pension obligation		(7,168)
Adjustment to annual required contribution		7,710
Annual Pension Cost	\$	446,775
Contributions Made		503,785
Change in net pension obligation	\$	(57,010)
Net Pension Obligation (Asset), beginning of year		<u>(77,488)</u>
Net Pension Obligation (Asset), end of year	\$	<u>(134,498)</u>

Annual Contribution: The annual contribution for the current year was determined as part of the October 1, 2005 actuarial valuation using the individual entry age actuarial cost method. The actuarial assumptions included (a) 9.25% investment rate of return (net of administrative expenses) and (b) projected salary increase of between 3.75% and 7% per year, based on years of service. Both (a) and (b) included an inflation component of 3.75%. The actuarial value of assets was set at market value. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on a closed basis. The amortization period at September 30, 2008 was 15 years.

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	<u>Contribution</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation (Asset)</u>
09/30/06	\$ 489,095	\$ 507,979	103.9%	\$ (41,006)
09/30/07	425,271	461,753	108.6%	(77,488)
09/30/08	446,775	503,785	112.8%	(134,498)

Funded Status.

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as % of covered payroll <u>(b-a)/c</u>
09/30/08	\$ 4,541,364	\$ 3,218,933	\$ (1,322,431)	141.08%	\$ 76,840,947	-1.72%

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

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Consolidated Plan:

Plan Description. The Consolidated Plan is a contributory defined benefit pension plan that covers City sworn police officers and firefighters. The Consolidated Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The basis of accounting for the Consolidated Plan is accrual. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate. This plan and any amendments were adopted through a City Ordinance by the Commission of the City of Gainesville in accordance with State Statute. The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 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 2008 was 5.85% of covered payroll. This reduced rate was brought about through the issuance of the Taxable Pension Obligation Bonds, Series 2003B. In addition, State contributions, which totaled \$1,295,411, are also made to the plan on behalf of the City. These State contributions are recorded as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Consolidated Pension Fund. Administrative costs are financed through investment earnings.

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

Annual required contribution	\$	2,108,542
Interest on net pension obligation		(3,812,413)
Adjustment to annual required contribution		5,234,207
<i>Annual Pension Cost</i>	\$	3,530,336
Contributions Made		2,710,636
Change in net pension obligation	\$	819,700
Net Pension Obligation (Asset), beginning of year		<u>(41,601,372)</u>
<i>Net Pension Obligation (Asset), end of year</i>	\$	<u>(40,781,672)</u>

The annual required contribution for the current year was determined as part of the October 1, 2005 actuarial valuation using the Entry Age Normal Cost method. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4% to 7% per year, based on years of service. Both (a) and (b) included an inflation component of 3.75%.

The assumptions include post-retirement benefit increases for those retirees meeting eligibility criteria. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any unfunded actuarial accrued liability is traditionally amortized as a level percentage of projected payroll on a closed basis. The amortization period at September 30, 2008 was 30 years.

Fiscal Year	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Ending</u>				
09/30/06	\$ 2,301,574	\$ 1,555,941	67.6%	\$ (43,460,812)
09/30/07	3,261,393	1,401,953	43.0%	(41,601,372)
09/30/08	3,530,336	2,710,636	76.8%	(40,781,672)

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Benefits and refunds of the defined benefit pension plans are recognized when due and payable in accordance with the terms of the plan. Costs of administering the pension plans are financed through contributions and/or investment income, as appropriate.

Funded Status.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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
10/1/08	\$ 174,300,300	\$ 175,971,441	\$ 1,671,141	99.05%	\$ 24,045,292	6.95%

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

(B) Defined Contribution Pension Plan

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

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

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by City Ordinance approved by the City Commission in accordance with applicable State Statute. Plan members are required to contribute 5.0% of their annual covered salary. The City is required to contribute 10.0% of covered payroll. During fiscal year 2008, plan members contributed \$491,336 and the City contributed \$289,099.

NOTE 3 -- OTHER POST-EMPLOYMENT BENEFITS PLAN

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

The City of Gainesville issues a publicly available financial report that includes financial statements and required supplementary information for the RHCP. That report may be obtained by writing to City of Gainesville, Finance Department, P.O. Box 490, Gainesville, Florida 32602 or by calling (352)334-5054.

The RHCP has 1,050 retirees, spouses and dependents receiving benefits and has a total of 1,773 active participants. Of that total, 1,404 are not yet eligible to receive benefits. Ordinance 991457 of the City of Gainesville assigned the authority to establish and amend benefit provisions to the City Commission.

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Annual OPEB Cost and Net OPEB Obligation. For fiscal year 2008, the City's annual OPEB cost for the RHCP was \$4,153,871. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended September 30, 2008 were as follows:

Annual required contribution	\$	3,987,487
Interest on net OPEB obligation		(2,041,140)
Adjustment to annual required contribution		2,207,524
Annual OPEB cost	\$	4,153,871
Contributions made		2,900,961
Change in net OPEB obligation (asset)	\$	1,252,910
Net OPEB obligation (asset), beginning of year		<u>(24,311,048)</u>
Net OPEB obligation(asset), end of year	\$	<u>(23,058,138)</u>

Trend Information

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
09/30/06	\$ 9,271,124	\$ 2,713,934	29.27%	\$ (25,584,453)
09/30/07	3,958,996	2,685,591	67.84%	(24,311,048)
09/30/08	4,153,871	2,900,961	69.84%	(23,058,138)

Fiscal year 2005 was the year of implementation of GASB 43 and 45 and the City elected to implement prospectively. The City's contributions include \$2,344,674, \$2,157,385 and \$1,945,556 in payments made by the City for the implicit rate subsidy included in the blended rate premiums for active employees which fund the implicit rate subsidy discount provided to the retirees for fiscal years 2008, 2007, and 2006, respectively.

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

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

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

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

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by the issuance of the OPEB bonds. The other factor is that the City has elected to contribute based on the blended rate premium instead of the age-adjusted premium, described above as the implicit rate subsidy.

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

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

In the October 1, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 9% investment rate of return, compounded annually, net of investment expenses. The annual healthcare cost trend rate of 7% is the ultimate rate. The select rate was 12% but was decreased to the ultimate rate in 2002. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 3.75%. The actuarial valuation of RHCP assets was set at fair market value of investments as of the measurement date.

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

Funded Status.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of covered payroll (b-a)/c
9/30/08	\$ 48,305,411	\$ 57,006,464	\$ 8,701,053	84.74%	\$ 121,357,630	7.17%

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

NOTE 4 - DEFERRED COMPENSATION PLAN

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

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NOTE 5 – LONG-TERM DEBT AND CAPITAL LEASES

GOVERNMENTAL ACTIVITIES:

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

\$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.

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

\$5,640,000 First Florida Governmental Financing Commission Loan, Series 2005 – 2.5% - 4.125%, issued March 10, 2005, final maturity July 1, 2025; payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 2006. Interest payable semi-annually beginning July 1, 2005.

\$35,210,000 Taxable Other Post Employment Benefit (OPEB) Obligation Bonds, Series 2005 – 4.05% -4.71%, issued July 28, 2005, final maturity October 2014, payable solely from non-ad valorem revenues. Principal payable annually on October 1, beginning 2006. Interest payable semi-annually beginning October 1, 2005. The bonds are not subject to redemption prior to maturity.

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

\$1,540,000 First Florida Governmental Financing Commission Loan, Series 2007 –3.7% - 4.375%, issued April 17, 2007, final maturity July 1, 2027; payable solely from non-ad valorem revenues. Principal payable annually on July 1, beginning 2008. interest payable semi-annually beginning July 1, 2007.

\$4,312,000 State Revolving Loan – Depot Park Remediation (FDEP) – In an agreement dated December 9, 2004, FDEP issued the City a loan not to exceed \$16,360,500 (including \$360,500 of capitalized interest) for remediation of the Depot Park area for stormwater improvements. The loan was amended on September 9, 2008 to reduce the available principal from \$16,000,000 to \$4,312,000 as the Utility chose to withdraw from the program before drawing any funds. The loan is made interest-free, but includes a 1.97% annual grant allocation assessment rate and a one-time 2% loan service fee. Repayment began in September 2007 and will continue semi-annually until the balance is repaid. Payable from non-ad valorem revenues, including stormwater fees. The principal balance outstanding at September 30, 2008 was \$1,234,366.

\$942,136 Siemens Buildings Technologies, GPD Energy Project Capital Lease, 2006 – 4.18%, repayable monthly for 144 months, beginning October 10, 2006. The lease will be repaid using non-ad valorem revenues, and it is expected that the building improvements being leased will result in energy savings equal to or greater than the lease payments. During fiscal year 2007 the proceeds were fully expended and capitalized. These assets are being amortized as part of depreciation expense.

BUSINESS-TYPE ACTIVITIES:

\$186,000,000 Utilities System Revenue Bonds, Series 1983 - 6.0%, dated August 1, 1983, final maturity 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% plus accrued interest to the date of redemption.

\$134,920,000 Utilities System Revenue Bonds, Series 1992B - 6.0%-7.5%, dated March 1, 1992, final maturity 2013. The 1992B Bonds mature at various dates from October 1, 2001 to October 1, 2013. Those bonds maturing on or after October 1, 2004 to October 1, 2007, amounting to \$14.3 million were redeemed at the option of the City on October 1, 2002.

\$143,215,000 1996 Utilities System Revenue Bonds Series 1996A – 5.0%-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.

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

In August 2003, the 2003C Utility System Revenue Bonds were issued to advance-refund to the maturity dates a portion of the Bonds maturing from October 1, 2004 to October 1, 2008 (\$6.235 million). The bonds were defeased, in substance, and will be paid from escrowed funds. There were defeased bonds totaling \$1,390,000 outstanding as of September 30, 2008.

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In November 2005, the 2005 Series C Bonds totaling \$53,190,000 were issued to advance-refund to the maturity dates a portion of the bonds maturing from October 1, 2010 to October 1, 2026. In July 2006, the 2006 Series A Bonds totaling \$51,675,000 were issued to refund to the maturity dates the remainder of the bonds maturing from October 1, 2010 to October 1, 2026. The proceeds related to the refunded bonds for both series were deposited into an escrow account to refund the bonds on October 1, 2006 at 102% of par.

\$37,300,000 2002 Utilities System Subordinated Utilities System Revenue Bonds Series 2002A – variable interest rates, based on market rates, 2.80% at April 30, 2008 (date of redemption), 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. Payment of principal and interest of the 2002A Series Subordinated Bonds when due are insured by a municipal bond insurance policy issued by Financial Security Assurance. 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 an auction period without premium. The 2002A Bonds mature on October 1, 2017. In April 2008, the Utilities System Commercial Paper Notes, Series C, were issued to refund the 2002A Bonds in the amount of \$22,000,000 and the 2003A Bonds.

\$40,000,000 2002 Utilities System Subordinated Utilities System Revenue Bonds Series 2002B – variable interest rates, based on market rates, 2.83% at May 7, 2008 (date of redemption), 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. Payment of principal and interest of the 2002B Series Subordinated Bonds when due are insured by a municipal bond insurance policy issued by Financial Security Assurance. 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 an auction period without premium. The 2002B Bonds mature on October 1, 3032. In April 2008, the Utilities System Commercial Paper Notes, Series C, were issued to refund the 2002B Bonds in the amount of \$40,000,000 and the 2002A Bonds. This refunding is anticipated to result in approximately \$888,000 of net present value savings for the Utility, with yearly cash savings from \$5,000 to \$110,000.

\$33,000,000 2003 Utilities System Revenue Bonds Series 2003A – 4.625%-5.25%, dated January 30, 2003, final maturity October 1, 2033. The 2003A bonds maturing on or after October 1, 2013 are subject to redemption at the option of the City on or after October 1, 2013 at 100%. In March 2007, the 2007 Series A Bonds (\$139,505,000) were issued to advance-refund to the maturity dates a portion of the bonds maturing from October 1, 2020 to October 1, 2033. The proceeds related to the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2013 at 100% of par.

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

\$115,925,000 2003 Utilities System Revenue Bonds Series 2003C – 4.0%-5.0%, dated August 20, 2003, final maturity October 1, 2013. The 2003C bonds are not subject to redemption prior to maturity.

\$196,950,000 2005 Utilities System Revenue Bonds Series 2005A – 4.75%-5.0%, dated November 16, 2005, final maturity October 1, 2036. The 2005A bonds will be subject to redemption at the option of the City on and after October 1, 2015, at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005A bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's electric, natural gas, water, wastewater and telecommunications systems and to refund the City's Utilities System Commercial Paper Notes, Series C. In March 2007, the 2007 Series A Bonds (\$139,505,000) were issued to advance-refund to the maturity dates a portion of the bonds maturing from October 1, 2030 to October 1, 2036. The proceeds related to the refunded bonds were deposited into an escrow account to refund the bonds on October 1, 2015 at 100% of par.

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\$61,590,000 2005 Utilities System Revenue Bonds Series 2005B – 5.14%-5.31%, dated November 16, 2005, final maturity October 1, 2021. The 2005B bonds will be subject to redemption at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of: 100% of the principal amount, plus accrued and unpaid interest to the date of redemption; or the sum of the present values of the remaining scheduled payments of principal and interest on the bonds to be redeemed discounted to the date of redemption on a semiannual basis plus 12.5 basis points. The 2005B bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's electric, natural gas, water, wastewater and telecommunications systems and to refund the City's Utilities System Commercial Paper Notes, Series D.

\$55,135,000 2005 Utilities System Revenue Bonds Series 2005C – Variable interest rates based on market rates, 4.25% at September 30, 2008, dated November 16, 2005, final maturity October 1, 2026. The 2005C bonds will be subject to redemption at the option of the City at a redemption price of 100% of the principal amount, plus accrued interest to the date of redemption. The 2005C bonds were issued to refund a portion of the City's Utilities System Revenue Bonds, 1996 Series A and created a net present value savings of over \$6,700,000, with yearly cash savings ranging from approximately \$370,000 to over \$1,085,000.

\$53,305,000 2006 Utilities System Revenue Bonds Series 2006A – Variable interest rates based on market rates, 4.30% at September 30, 2008, dated July 6, 2006, final maturity October 1, 2026. The 2006A bonds will be subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2006A Bonds were issued to pay a portion of the cost of acquisition and construction of certain improvements to the City's electric, natural gas, water, wastewater and telecommunications systems and to refund a portion of the City's Utilities System Revenue Bonds, 1996 Series A. The 2006A Bonds created a net present value savings of over \$6,200,000, with yearly cash savings ranging from approximately \$371,000 to over \$890,000.

\$139,505,000 2007 Utilities System Revenue Bonds Series 2007A – Variable interest rates based on market rates, 7.91% at September 30, 2008, dated July 6, 2006, final maturity October 1, 2036. The 2007A bonds will be subject to redemption at the option of the City, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The 2007A Bonds were issued to refund a portion of the City's Utilities System Revenue Bonds, 2003 Series A and a portion of the City's Utilities System Revenue Bonds, 2005 Series A. The 2007A Bonds created a net present value savings of over \$8,500,000, with yearly cash savings ranging from \$136,266 to \$504,969.

\$105,000,000 Utilities System Revenue Bonds, Series 2008A – 2.98-5.27%, dated February 13, 2008, final maturity October 1, 2020. The 2008A bonds will be subject to redemption prior to maturity at the election of the City as follows, in whole or in part, at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption. The 2008A Bonds were issued to pay costs of acquisition and construction of the City's utilities system.

\$90,000,000 Utilities System Revenue Bonds Series 2008B – Variable interest rates based on market rates, 8.00% at September 30, 2008, dated February 13, 2008, final maturity October 1, 2038. The 2008B bonds will be subject to redemption prior to maturity at the election of the City as follows, in whole or in part, at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption. The 2008B Bonds were issued to pay costs of acquisition and construction of the City's utilities system.

Utility Notes

The following Utility System notes are available as of September 30, 2008:

\$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. This agreement has been extended to November 30, 2015. The obligation of the bank may

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be substituted by another bank which meets certain credit 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 \$62,000,000 are outstanding as of September 30, 2008.

\$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. This agreement has been extended to September 14, 2009. 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. There are no Series D Notes outstanding as of September 30, 2008.

COMMUNITY REDEVELOPMENT AGENCY (CRA):

\$60,000 Arlington Square Apartments Phase III, Downtown Promissory Note – 6.5% fixed annual interest rate. In August 1998, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. In September 2002, the note was amended to specify that repayment will be from tax increment proceeds from the redevelopment of specific parcels. The final repayment is scheduled for July 2013.

\$836,900 Commerce Building/AMJ Project, Downtown Promissory Note – 1.05% to 4.28% fixed annual interest rate. In September 1999, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds associated with the Commerce Building project. In July 2004, the note was amended to specify that repayment will be from all tax increment proceeds from the Downtown Redevelopment Area. The City elected to defer the payments due during FY 2008. The final repayment is scheduled for January 2020.

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

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

\$1,400,600 Courthouse Parking Facility Project, Downtown Promissory Note – 6.72% fixed annual interest rate. In April 2002, a promissory note payable was established from the City to CRA to be repaid from tax increment proceeds. The City elected to defer the payments due during FY 2008 and 2009. The final repayment is scheduled for July 2024.

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

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

\$300,000 National Trust for Historic Preservation ICFV Line of Credit – In March 2004, the CRA entered into a line of credit to be used for stabilization and rehabilitation or construction of residential properties in the Model Block Program in the Pleasant Street and Fifth Avenue neighborhoods. A fixed

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5% interest rate applies to any draws against this line of credit. The line of credit is repaid as each model block home is sold and was paid in full in fiscal year 2008.

DEBT SERVICE REQUIREMENTS FOR LONG-TERM DEBT:

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

Year ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 7,876,833	\$ 7,087,364	\$ 21,985,000	\$ 26,814,925
2010	8,692,568	6,920,251	29,875,000	44,164,050
2011	8,888,809	6,765,978	31,245,000	42,786,530
2012	9,598,871	6,630,659	32,650,000	41,306,456
2013	9,065,293	6,500,707	34,140,000	39,741,600
2014-2018	32,769,559	31,026,595	167,460,000	173,635,240
2019-2023	25,281,902	32,486,904	125,765,000	135,719,676
2024-2028	25,305,360	31,396,237	112,845,000	105,028,542
2029-2033	36,545,000	5,342,223	139,535,000	68,045,558
2034-2038	-	-	96,995,000	21,630,168
Total	<u>\$ 164,024,195</u>	<u>\$ 134,156,918</u>	<u>\$ 792,495,000</u>	<u>\$ 698,872,745</u>

Interest rates used are per GASB 38, which requires the rate used in the calculations be that in effect as of September 30, 2008. At that time there was significant market unrest driving rates up for a short time. Interest rates on variable-rate long-term debt belonging to the Utility were valued to be equal to 4.25% for the 2005 Series Bonds, 4.30% for the 2006A Series Bonds, 7.91% for the 2007A Series Bonds, 8.00% for the 2008B Series Bonds and 4.75% for the 2008 TECP.

Debt Service Requirements for Capital Lease

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 68,315	\$ 33,077	\$ 101,392
2010	71,228	30,164	101,392
2011	74,265	27,127	101,392
2012	77,432	23,961	101,393
2013	80,733	20,659	101,392
2014-2018	<u>436,681</u>	<u>48,627</u>	<u>485,308</u>
Total	<u>\$ 808,654</u>	<u>\$ 183,615</u>	<u>\$ 992,269</u>

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Debt Service Requirements for CRA

Year ending September 30,	Promissory Notes		
	Principal	Interest	Total
2009	\$ 136,111	\$ 105,400	\$ 241,511
2010	197,890	156,872	354,762
2011	206,811	149,998	356,809
2012	212,540	142,503	355,043
2013	239,916	134,445	374,361
2014-2018	1,231,571	521,018	1,752,589
2019-2023	1,252,284	232,135	1,484,419
2024-2025	<u>320,398</u>	<u>18,017</u>	<u>338,415</u>
Total	<u>\$ 3,797,521</u>	<u>\$ 1,460,388</u>	<u>\$ 5,257,909</u>

DERIVATIVES:

GRU is a party to certain interest rate swap agreements, which are not recorded in the financial statements. Following is a disclosure of key aspects of the agreements.

Objective of the interest rate swap. To protect against the potential of rising interest rates, GRU has entered into separate floating-to-fixed interest rate swap transactions.

Terms, fair values and credit risk. The terms, fair values and credit ratings of the outstanding swaps as of September 30, 2008 were as follows. The notational amounts of the swaps match the principal amounts of the outstanding debt.

Associated Bond Issue	2008CP*	2005B*	2005C*
Notational Amounts	\$ 25,300,000	\$45,000,000	\$ 55,135,000
Effective Date	07/03/2002	11/16/2005	11/16/2005
Fixed Payer Rate	4.100%	BMA	3.200%
Variable Receiver Rate	BMA	77.14% of LIBOR	68% of LIBOR
Fair Value	\$(1,263,770)	\$(642,806)	\$(359,645)
Termination Date	10/01/2017	10/01/2021	10/01/2026
Counterparty Credit Rating	A2/A/A+	Aaa/AAA	Aaa/AAA
Associated Bond Issue	2006A*	2008B*	2008B*
Notational Amounts	\$ 535,305,000	\$ 58,500,000	\$ 31,500,000
Effective Date	07/06/2006	02/01/2008	02/01/2008
Fixed Payer Rate	3.224%	4.222%	4.222%
Variable Receiver Rate	68% of 10 YR LIBOR	BMA	BMA
Fair Value	\$(327,021)	\$(3,799,930)	\$(2,076,216)
Termination Date	10/01/2026	10/01/2038	10/01/2038
Counterparty Credit Rating	Aaa/AAA	Aaa/AAA	Aaa/AA/AA-
Associated Bond Issue	2007A*		
Notational Amounts	\$ 139,505,000		
Effective Date	03/01/2007		
Fixed Payer Rate	3.944%		
Variable Receiver Rate	BMA		
Fair Value	\$(3,387,603)		
Termination Date	10/01/2036		
Counterparty Credit Rating	Aaa/AAA		

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

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Fair Value. All seven of the swap agreements have negative fair values as of September 30, 2008. Due to the low interest rate environment, as compared to the period when the swaps were entered into, the fixed payer rates exceeded the variable receiver rates as of September 30, 2008. These swaps are based on a different variable receiver rate, which is partially responsible for the difference in performance.

Swap payments and associated debt. Assuming interest rates remain the same at September 30, 2008, debt service requirements on the auction rate notes and interest rate swap would be as follows:

Fiscal Year Ending Sept 30,	Variable Rate		Fixed Rate		Interest Rate Swaps, Net	Total
	Principal	Interest	Principal	Interest		
2009	\$ 245,000	\$ 16,752,883	\$ 790,000	\$ 3,186,773	\$ 461,739	\$ 21,436,395
2010	255,000	25,785,741	830,000	3,145,139	461,295	30,477,175
2011	6,155,000	25,639,290	875,000	3,101,320	425,969	36,196,579
2012	6,360,000	25,361,995	920,000	3,055,189	389,469	36,086,653
2013	6,580,000	25,075,161	965,000	3,006,745	351,730	35,978,636
2014-2018	62,205,000	118,021,680	25,395,000	12,699,640	1,733,490	220,054,810
2019-2023	47,045,000	105,290,272	31,065,000	2,933,111	3,367,149	189,700,532
2024-2028	59,570,000	89,285,861	-	-	2,724,254	151,580,115
2029-2033	114,880,000	62,150,226	-	-	1,749,638	178,779,864
2034-2038	96,650,000	17,728,698	-	-	505,653	114,884,351
Total	<u>\$ 399,945,000</u>	<u>\$ 511,091,807</u>	<u>\$ 60,840,000</u>	<u>\$ 31,127,917</u>	<u>\$ 12,170,386</u>	<u>\$ 1,015,175,110</u>

The interest rates used are per GASB Technical Bulletin 2003-1, which requires the rate used in the calculations be that in effect as of September 30, 2008. At that time there was significant market unrest driving rates up for a short time.

Credit Risk. As of September 30, 2008 the fair value of all the swaps were negative, therefore the City is not subject to credit risk. However, at times when the fair value of the swaps are positive the City is exposed to credit risk in the amount of the derivative's fair value. To mitigate the potential for credit risk, GRU has negotiated additional termination event and collateralization requirements in the event of a ratings downgrade. Failure to deliver the Collateral Agreement to the City as negotiated and detailed in the Schedule to the International Swap and Derivative Agreement (ISDA) for each counterparty would constitute an event of default with respect to that counterparty.

Basis Risk. The swaps expose the City to basis risk. The 2008 swap (formerly the 2002A swap) is exposed to the difference between the weekly BMA index and a 35-day rollover based on current market conditions. As a result, savings may not be realized. As of September 30, 2008, BMA/SIFMA was 7.96%. The 2005B swap is exposed to basis risk through the potential mismatch of 77.14% of LIBOR and the BMA rate. The 2005C swap is exposed to basis risk through the potential mismatch of 68% of one-month LIBOR and the BMA rate. As of September 30, 2008, the one-month LIBOR rate was 3.92%, which places the BMA at approximately 203% of LIBOR on that date. The 2006A swap is exposed to basis risk through the potential mismatch of 68% of 10-year LIBOR less .365% and the BMA rate. As of September 30, 2008, the 10-year LIBOR rate was 4.37%, while the BMA traded at approximately 182.21% of this rate. The 2007A swap is exposed to the difference between the BMA index and a 31-day rollover.

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

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PLEDGED REVENUES:

The 1994 and 2004 Guaranteed Entitlement Revenue and Refunding Bonds were issued to refund multiple prior issues and to fund road and building construction and repair projects. Both issues are secured by a lien upon and pledge of the City's Guaranteed Entitlement Funds. The remaining principal and interest payments on these bonds at September 30, 2008 total \$17,054,765, payable semiannually through July 1, 2024. Pledged revenue is \$1,100,340 each year, which is slightly greater than the annual debt requirement (in 2008, the coverage ratio was 1.0022).

CHANGES IN LONG-TERM LIABILITIES:

Long-term liability activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within one year
Governmental activities:					
Bonds payable:					
Revenue bonds and loans	\$ 52,302,220	\$ -	\$ 3,520,000	\$ 48,782,220	\$ 3,665,000
Bond premium	586,198	-	53,988	532,210	-
Pension obligation bonds	87,282,602	-	649,993	86,632,609	853,734
OPEB obligation bonds	30,280,000	-	2,905,000	27,375,000	3,235,000
Less deferred amounts:					
For issuance discounts	98,327	-	6,180	92,147	-
Total bonds payable	170,352,693	-	7,122,801	163,229,892	7,753,734
FDEP Depot Park state revolving loan fund	1,836,310	-	601,944	1,234,366	123,099
GPD Siemens Capital Lease	879,513	-	70,859	808,654	68,315
Compensated absences	3,305,869	1,660,000	1,383,077	3,582,792	137,500
Total	<u>\$ 176,374,385</u>	<u>\$ 1,660,000</u>	<u>\$ 9,178,681</u>	<u>\$ 168,855,704</u>	<u>\$ 8,082,648</u>
Typically, the General Fund has been used in prior years to liquidate the liability for compensated absences.					
Business-type activities:					
Bonds payable:					
Utility revenue bonds	\$ 616,050,000	\$ 195,000,000	\$ 80,555,000	\$ 730,495,000	\$ 21,985,000
Add: Issuance premiums	8,226,553	-	1,263,928	6,962,625	-
Less deferred amounts:					
For loss on refundings	31,167,400	565,593	3,132,065	28,600,928	-
For issuance discounts	390,252	-	121,600	268,652	-
Total bonds payable	592,718,901	194,434,407	78,565,263	708,588,045	21,985,000
Utility notes payable	-	62,000,000	-	62,000,000	-
Compensated absences	3,648,268	2,529,547	2,133,866	4,043,949	155,000
Total	<u>\$ 596,367,169</u>	<u>\$ 258,963,954</u>	<u>\$ 80,699,129</u>	<u>\$ 774,631,994</u>	<u>\$ 22,140,000</u>
Community Redevelopment Agency:					
CRA promissory notes	\$ 3,885,227	\$ -	\$ 87,706	\$ 3,797,521	\$ 136,111
Nat'l Trust line of credit	129,402	-	129,402	-	-
Total	<u>\$ 4,014,629</u>	<u>\$ -</u>	<u>\$ 217,108</u>	<u>\$ 3,797,521</u>	<u>\$ 136,111</u>

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NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 19,278,776	\$ 5,731,078	\$ 206,702	\$ 24,803,152
Construction in progress	<u>6,317,409</u>	<u>3,004,121</u>	<u>1,769,723</u>	<u>7,551,807</u>
Total capital assets, not being depreciated	25,596,185	8,735,199	1,976,425	32,354,959
Capital assets, being depreciated:				
Buildings	43,429,776	1,659,613	241,477	44,847,912
Improvements other than buildings	7,328,227	1,206,034	254,825	8,279,436
Machinery and equipment	34,786,155	4,495,224	1,913,030	37,368,349
Infrastructure	<u>144,675,915</u>	<u>3,235,735</u>	<u>-</u>	<u>147,911,650</u>
Total capital assets being depreciated	230,220,073	10,596,606	2,409,332	238,407,347
Less accumulated depreciation for:				
Buildings	(16,570,104)	(1,335,492)	(21,600)	(17,883,996)
Improvements other than buildings	(5,226,363)	(180,672)	(219,231)	(5,187,804)
Machinery and equipment	(23,165,693)	(3,702,828)	(1,644,333)	(25,224,188)
Infrastructure	<u>(87,922,586)</u>	<u>(3,389,156)</u>	<u>-</u>	<u>(91,311,742)</u>
Total accumulated depreciation	<u>(132,884,746)</u>	<u>(8,608,148)</u>	<u>(1,885,164)</u>	<u>(139,607,730)</u>
Total capital assets, being depreciated, net	<u>97,335,327</u>	<u>1,988,458</u>	<u>524,168</u>	<u>98,799,617</u>
Governmental activities capital assets, net	<u>\$ 122,931,512</u>	<u>\$ 10,723,657</u>	<u>\$ 2,500,593</u>	<u>\$ 131,154,576</u>

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

General Government	\$ 770,626
Public Safety	1,457,874
Transportation	3,755,111
Economic Environment	69,349
Culture & Recreation	613,344
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>1,941,844</u>
Total depreciation expense - governmental activities	<u>\$ 8,608,148</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,732,790	\$ -	\$ 22,114	\$ 3,710,676
Construction in progress	<u>195,888,867</u>	<u>156,840,948</u>	<u>41,313,081</u>	<u>311,416,734</u>
Total capital assets, not being depreciated	199,621,657	156,840,948	41,335,195	315,127,410
Capital assets, being depreciated:				
Utility plant and equipment	1,139,325,489	85,564,036	50,944,131	1,173,945,394
Buildings	5,835,787	11,897	282,200	5,565,484
Improvements other than buildings	3,172,422	11,159	-	3,183,581
Machinery and equipment	21,840,848	4,485,533	1,108,338	25,218,043
Infrastructure	<u>25,008,181</u>	<u>593,101</u>	<u>-</u>	<u>25,601,282</u>
Total capital assets, being depreciated	1,195,182,727	90,665,726	52,334,669	1,233,513,784
Less accumulated depreciation for:				
Utility plant and equipment	(491,739,198)	(39,326,081)	(4,731,930)	(526,333,349)
Buildings	(1,889,484)	(161,160)	(282,200)	(1,768,444)
Improvements other than buildings	(1,704,838)	(124,566)	-	(1,829,404)
Machinery and equipment	(12,827,137)	(1,727,036)	(1,103,873)	(13,450,300)
Infrastructure	<u>(17,573,290)</u>	<u>(173,454)</u>	<u>-</u>	<u>(17,746,744)</u>
Total accumulated depreciation	<u>(525,733,947)</u>	<u>(41,512,297)</u>	<u>(6,118,003)</u>	<u>(561,128,241)</u>
Total capital assets, being depreciated, net	<u>669,448,780</u>	<u>49,153,429</u>	<u>46,216,666</u>	<u>672,385,543</u>
Business-type activities capital assets, net	<u>\$ 869,070,437</u>	<u>\$ 205,994,377</u>	<u>\$ 87,551,861</u>	<u>\$ 987,512,953</u>

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

Utility	\$ 39,326,081
Regional Transit System	1,843,859
Stormwater	196,903
Ironwood	85,710
Florida Building Code Enforcement	38,961
Solid Waste	20,783
Total depreciation expense - business type activities	<u>\$ 41,512,297</u>

NOTE 7 - INDIVIDUAL FUND DEFICITS

The following funds had deficit fund balances/net assets at September 30, 2008:

Special Revenue Fund

Miscellaneous Gifts and Grants \$(11,980)

Enterprise Funds

Ironwood Golf Course \$(1,434,556)
Solid Waste \$(245,258)

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

The Miscellaneous Gifts and Grants Fund has a temporary deficit fund balance due to a one-time adjustment to grants receivable which will be funded by the General Fund in 2009.

The Ironwood Golf Course Fund has reported expenses in excess of revenues for several years, which has depleted the fund's net assets. Management has implemented a variety of cost saving plans, including significantly reducing expenses for the clubhouse and pro shop. In 2006, a capital improvement surcharge was added to each round of play, which is expected to generate restricted revenues for long-term capital maintenance and additions. The City is actively exploring options to reverse the ongoing deficits, including major capital improvements and changes in the rate structures.

The Solid Waste Fund has had expenses in excess of three million dollars related to the Old Landfill Slope Stabilization Project due to unforeseen project overages. This was a remediation project which is now complete. The City reviews the rate structure every three years and adjusts rates as necessary to ensure the fund remains solvent.

NOTE 8 – COMPOSITION OF RECEIVABLES AND PAYABLES

Governmental activities

Receivables:

General Fund – Net accounts receivable as of September 30, 2008 are comprised of approximately 19% taxes (communications services tax, half cent sales tax, and local option gas tax), 5% due from other governments, 42% notes receivable, 4% receivables from employees, and 30% other receivables.

Nonmajor governmental funds – Net accounts receivable as of September 30, 2008 consist of approximately 23% loans receivable, 69% intergovernmental receivables, and 8% other receivables.

Payables:

General Fund – As of September 30, 2008, the payables balance in the General Fund consists of 69% wages payable and 31% other payables.

Nonmajor governmental funds – Payables balances as of September 30, 2008 are comprised of 62% construction related obligations, 6% wages payable and 32% other payables.

Business-type activities

Receivables:

Utility Fund – As of September 30, 2008 the net accounts receivable balance in the Utility Fund consists of 83% customer receivables for billed and unbilled utility services and 17% other receivables.

Nonmajor Enterprise Funds – Net accounts receivable as of September 30, 2008 are comprised of approximately 69% intergovernmental receivables and 31% other receivables.

Payables:

Utility Fund – As of September 30, 2008 the payables balance in the Utility Fund consists of 23% fuels payable, 54% standard vendor payables, 9% intergovernmental payables, 9% wages payable and 5% other payables.

Nonmajor Enterprise Funds – As of September 30, 2008 payables balances consist of 11% fuels payable, 5% construction related obligations, 22% wages payable and 62% other payables.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from other funds:

Due to:	Due from:			
	Utility	Nonmajor governmental	Nonmajor Enterprise	Total
General	\$ 3,327,917	\$ 1,705,119	\$ 942,610	\$ 5,975,646
Utility	-	749,522	120	749,642
Nonmajor				
Governmental	10,204	-	-	10,204
Internal Service	500,336	-	-	500,336
Nonmajor				
Enterprise	569,498	-	4,427,457	4,996,955
Total	\$ 4,407,955	\$ 2,454,641	\$ 5,370,187	\$ 12,232,783

There is an interfund balance between the fiduciary funds of \$350,257 which is due to the establishment of an interfund payable resulting from the Other Post-Employment Benefits (OPEB) Fund overdrawing its share of the pooled cash account. There were no interfund balances between the fiduciary funds and other non-fiduciary funds.

The \$4,427,457 interfund payable between enterprise funds resulted from Ironwood and Regional Transit overdrawing their share of the pooled cash account.

The \$1,705,119 due to the General Fund from nonmajor governmental funds is entirely composed of an interfund payable resulting from certain funds overdrawing their share of the pooled cash account. All remaining balances resulted from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

	Transfers from:					Total
	General	Utility	Nonmajor governmental	Internal Service	Nonmajor Enterprise	
Transfers to:						
General	\$ -	\$ 31,451,885	\$ 139,187	\$ -	\$ 300,000	\$ 31,891,072
Nonmajor						
Governmental	15,479,189	-	1,473,808	126,765	1,667,170	18,746,932
Nonmajor						
Enterprise	547,281	-	440,000	-	-	987,281
Total	\$ 16,026,470	\$ 31,451,885	\$ 2,052,995	\$ 126,765	\$ 1,967,170	\$ 51,625,285

The Utility transfer to the General Fund is based on a formula adopted by the City Commission. Please refer to Note 11 for more detail. The other interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

NOTE 10 - EQUITY RESERVES

Fund Balance Reserves.

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.

A brief description and balances of reported reserved equity balances at September 30, 2008 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>
General Fund	\$ 127,611	\$ 21,708	\$ 4,406,040	\$ -	\$ 74,550	\$ 4,629,909
Special Revenue Funds	2,157,702	-	-	-	516,181	2,673,883
Debt Service Funds	-	-	-	499,000	-	499,000
Capital Projects Funds	5,462,768	-	-	-	-	5,462,768
Total Reserves	<u>\$ 7,748,081</u>	<u>\$ 21,708</u>	<u>\$ 4,406,040</u>	<u>\$ 499,000</u>	<u>\$ 590,731</u>	<u>\$ 13,265,560</u>

Restricted Net Assets.

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

The composition of net assets “restricted for other purposes”, based on third party external restrictions, at September 30, 2008 is:

Governmental activities

Royal Village \$ 74,550

Business-type activities

Ironwood Capital Improvement Surcharge \$ 137,617

Regional Transit Capital Acquisition Reserve 480,600

Total \$ 618,217

The government-wide statement of net assets reports \$80,113,114 of restricted net assets, of which \$22,382,660 is restricted by enabling legislation.

NOTE 11- ENTERPRISE FUND (UTILITIES SYSTEM) 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, 2008 was \$31,451,885.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

NOTE 12 - COMMITMENTS AND CONTINGENCIES

GRU is subject to numerous Federal, State, and local environmental regulations. Under the Comprehensive Environmental Response Compensation and Liability Act, commonly known as "Superfund", GRU has been named as a potentially responsible party at several hazardous waste sites; however, GRU does not anticipate any more than "de minimus" liability at any of these sites. In January 1990, GRU purchased the natural gas distribution assets of a company and pursuant to the related purchase agreement, assumed responsibility for the investigation and remediation of environmental impact related to the operation of the former manufactured gas plant. Based upon GRU's analysis of the cost to clean up these sites, GRU has accrued a liability to reflect the costs associated with the cleanup effort. Current fiscal year expenses which reduce the liability balance were \$1,141,548.

During fiscal year 2008, soil samplings from the site were collected and analyzed in order to determine alternatives to complete the remediation. On November 6, 2008, the City Commission voted to approve staff's recommendation to remove the soil to the landfill. The estimate to complete the work is \$13.3 million. Based on this estimate, the reserve balance was increased by \$8.15 million on September 30, 2008, in accordance with GASB 49.

The reserve balance at September 30, 2008 is \$13,304,000. GRU is recovering the costs of this clean-up through customer charges. A regulatory asset was established as a deferred charge in the accompanying financial statements to represent the balance of customer charges. Current fiscal year billings were \$665,000. This reduced the deferred asset balance to \$13,658,000 as of September 30, 2008. Although some uncertainties associated with environmental assessment and remediation activities remain, GRU believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect on the City's financial position, results of operations or liquidity.

GRU currently carries a reserve balance of \$2.25 million, primarily for possible liability related to the oil contamination at the Kelly Generating Station. In July of 2006, GRU was notified by the Florida Department of Environmental Protection (FDEP) that provisions of Chapter 62-780, F.A.C. must be complied with on this site. This Rule is currently being utilized to establish a process and time schedule for assessment and remediation of the site. GRU's liability utilizing this Rule is unknown and cannot be reasonably estimated at this time. Therefore, GRU will make no changes to the reserve balance until further information is received and a reasonable estimate can be established.

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

NOTE 13 - LEASE/LEASEBACK TRANSACTION

On December 10, 1998, GRU entered into a lease/leaseback (LILO) 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 Ambac Assurance Corporation (Ambac), a financial guaranty insurance company that also provided credit enhancement for the transaction. 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.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

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. Amortization of the net benefit was \$1,775,000 in fiscal year 2008 and was reported as a component of other operating revenue.

On May 17, 2006, President Bush signed into law an act entitled the "Tax Increase Prevention and Reconciliation Act of 2005" (the "Act"). Among other provisions, the Act imposes an excise tax on certain types of leasing transactions entered into by tax-exempt entities, including states and their political subdivisions (including the City). Based on regulations issued by the Internal Revenue Service in 2007, the City currently anticipates that it will owe little, if any, excise tax under the Act, but this result is not certain given the interpretive questions that still remain with respect to the excise tax.

In November 2008, Moody's Investors Service and Standard & Poors downgraded their respective credit ratings of Ambac. Under the terms of the lease/leaseback transaction documents, the City is required to provide substitute credit enhancement within 30 days of the occurrence of Ambac's ratings downgrades. GRU is currently working with its financial advisor and legal counsel to evaluate its options with respect to providing substitute credit enhancement. Based on that evaluation, GRU has determined that the termination of the LILO transaction is the most appropriate action. GRU staff has negotiated the termination price with Bank of New York and has worked with Ambac to value the GIC. The difference between these two amounts is approximately \$13.2 million, and is an obligation of the City. This difference will be paid by GRU upon the closing of the LILO transaction scheduled in late February 2009.

Please see Note 18, Subsequent Events, for additional details on this issue.

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, 2008 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 membership fee of \$867,360. The membership fee was amortized over 24 months and, consequently, eliminated at September 30, 2002. GRU has reflected the capital contribution as an investment in TEA. The investment balance has been adjusted for GRU's subsequent share of TEA's net income or loss. In calculating GRU's share of net income or loss, profit on transactions between GRU and TEA have been eliminated. Such transactions primarily relate to purchases and sales of electricity between GRU and TEA.

GRU had electric purchase transactions with TEA of \$29,578,919 and sales transactions of \$8,052,411 in fiscal year 2008. TEA's profit on these transactions has been reflected as a reduction to GRU's reported revenue or expense. As of September 30, 2008, GRU's investment in TEA was \$2,447,440.

GRU provides guarantees to TEA and to TEA's bank to secure letters of credit issued by the bank to cover purchase and sale contracts for electric energy, natural gas and related transmission. In accordance with the membership agreement between GRU and its joint venture members and with the executed guaranties delivered to TEA and to TEA's bank, GRU's aggregate obligation for electric energy marketing transactions entered into by TEA on behalf of its members is \$9,600,000 as of September 30, 2008. GRU's aggregate obligation for TEA's natural gas marketing transactions, under similar agreements and executed guaranties, is \$18,800,000 as of September 30, 2008.

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

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

NOTE 15 – JOINTLY OWNED ELECTRIC PLANT (CR3)

GRU-owned resources for supplying electric power and energy requirements include its 1.4079% undivided ownership interest in the Crystal River Unit 3 (CR3) nuclear power plant operated by Progress Energy. GRU's net investment in CR3 at September 30, 2008 is approximately \$10,942,500. CR3 operation and maintenance costs, which represent GRU's part of expenses attributable to operation of CR3, are recorded in accordance with the instructions as set forth in the FERC uniform system of accounts. Payments are made to Progress Energy in accordance with the CR3 participation agreement.

GRU, as a part of this participation agreement, is responsible for its share of future decommissioning costs. Decommissioning costs are funded and expensed annually and are recovered through rates charged to customers. The most recent decommissioning cost estimate provided by Progress Energy in September 2006 estimated GRU's share of total future decommissioning costs to be \$7,744,000 of which \$4,874,000 has already been deposited. This \$7,744,000 is expected, with reinvestment and interest earnings, to reach \$24,654,207 in total, which will be used in 2041 to pay for the projected costs of decommissioning the plant. The market value of the funds on deposit as of September 30, 2008 is \$8,529,000.

NOTE 16 – UTILITIES' FUTURES AND OPTIONS CONTRACTS

GRU conducts a risk management program with the intent of reducing the impact of fuel price spikes for its customers. The program utilizes futures and options contracts that are traded on the New York Mercantile Exchange (NYMEX) so that prices may be fixed or reduced for given volumes of gas that the utility projects to consume during a given production month.

Based on feedback and direction from GRU's Risk Oversight Committee, consultation and recommendations from reputable risk management sources, and close monitoring of the market on a daily basis, GRU makes every effort to take reasonable steps to minimize the customers' exposure to fuel spikes while, at the same time, attempting to reduce costs.

The information below provides a summary of results based on GRU's risk management activity during fiscal year 2008.

Deposits	\$2,973,067
Unrealized Gain/(Loss)	<u>(1,805,480)</u>
Net Investment in Derivatives	\$1,167,587

Gains or losses from hedging transactions are applied to GRU's monthly fuel expenses as an offset to fuel cost when realized. Realized gains and losses related to hedging positions are deferred under the rate-setting policy. During fiscal year 2008, GRU recognized losses of \$1 million. Realized, but unrecognized, losses of \$3.1 million have been deferred at September 30, 2008.

NOTE 17 – CONDUIT DEBT

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

There is no obligation on the part of the City, County, State, or any political subdivision for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2008, there were five Industrial Revenue bonds outstanding, with an aggregate principal amount payable of \$14,790,000.

CITY OF GAINESVILLE, FLORIDA
Notes to Financial Statements
September 30, 2008

NOTE 18 – SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the equity and bond markets experienced declines in value. Those declines in market value have subsequently impacted the carrying value of certain investments of the City.

On November 19, Standard & Poors lowered its rating on Ambac Assurance Corporation (“Ambac”), which either directly or through affiliates had provided the Equity Swap Guarantee, GIC Guarantee and Surety Bond under the terms of the Participation and Lease Agreements (“the Lease”) with GRU (“the Lessee”) of its Deerhaven Station and closed on December 10, 1998. As a result of the Ambac downgrade and as required in Section 11(c) of the Participation Agreement, GRU must provide additional credit support for the equity investor, which was BNY Gator LLC, an affiliate of the Bank of New York (“BNY”). Upon the downgrade to “A” level, GRU would have 30 days in which to provide such additional credit support. BNY provided GRU with several extensions of time to evaluate the options for securing such enhancement or to consider a buyout of the Lease transaction. GRU canvassed the market for replacement enhancement providers and at the same time commenced negotiations with Ambac and BNY to determine the buyout price under the Lease. The only bona fide proposal came from Berkshire Hathaway at an expense of 1% of the outstanding exposure per annum which was equivalent to a present value cost of approximately \$15.2 million. Based on the additional expense and considering GRU would retain ongoing credit exposure to Ambac under the GIC contract, which were used to defease the payment obligations to BNY, GRU has determined that the termination of the Lease is the most appropriate action. GRU has negotiated with BNY to reduce the equity portion of the termination price down from approximately \$214 million to \$138.4 million assuming the buyout occurs in February of 2009. At the same time, the Ambac GIC has an accreted value which is still being determined but is estimated to be approximately \$122.5 million. The difference in such amounts results in an approximate shortfall of \$13.2 million and is an obligation of GRU and will be paid by GRU upon the settlement of the liquidation. Included in the buyout will be a payoff of a loan provided originally by Ambac, which was defeased by a separate deposit with another affiliate of Ambac. This loan, which has a current balance of approximately \$58 million, will not require any additional payment from GRU in order to pay it off upon the termination of the Lease. It is anticipated that subject to City Commission approval, GRU will terminate the lease on or about February 24, 2009.

CITY OF
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every path starts with passion
FLORIDA



CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGETED AMOUNTS		ACTUAL	ENCUMBRANCES	BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL				
REVENUES						
Taxes	\$ 39,087,403	\$ 39,130,403	\$ 40,716,642	\$ -	\$ 40,716,642	\$ 1,586,239
Licenses and Permits	597,050	597,050	1,060,465	-	1,060,465	463,415
Intergovernmental	12,775,012	12,757,898	11,925,099	-	11,925,099	(832,799)
Charges for Services	7,403,600	7,290,371	7,175,792	-	7,175,792	(114,579)
Fines and Forfeitures	1,672,777	1,672,777	1,601,396	-	1,601,396	(71,381)
Miscellaneous	1,069,247	1,507,793	1,501,165	-	1,501,165	(6,628)
TOTAL REVENUES	62,605,089	62,956,292	63,980,559	-	63,980,559	1,024,267
EXPENDITURES						
Current:						
General Government	17,660,995	17,464,772	16,131,055	81,980	16,213,035	1,251,737
Public Safety	47,132,922	47,002,784	47,495,480	-	47,495,480	(492,696)
Physical Environment	281,333	281,333	772,805	-	772,805	(491,472)
Transportation	10,169,887	10,319,191	10,475,811	33,500	10,509,311	(190,120)
Economic Environment	314,963	314,963	330,548	-	330,548	(15,585)
Culture and Recreation	7,210,006	7,271,335	6,943,209	12,131	6,955,340	315,995
TOTAL EXPENDITURES	82,770,106	82,654,378	82,148,908	127,611	82,276,519	377,859
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,165,017)	(19,698,086)	(18,168,349)	(127,611)	(18,295,960)	1,402,126
OTHER FINANCING SOURCES (USES)						
Transfers In	31,999,963	32,049,517	31,891,072	-	31,891,072	(158,445)
Transfers Out	(12,163,824)	(16,190,890)	(16,026,470)	-	(16,026,470)	164,420
TOTAL OTHER FINANCING SOURCES (USES)	19,836,139	15,858,627	15,864,602	-	15,864,602	5,975
NET CHANGE IN FUND BALANCES	\$ (328,878)	\$ (3,839,459)	\$ (2,303,747)	\$ (127,611)	\$ (2,431,358)	\$ 1,408,101

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2008

Annual budgets are legally adopted for all governmental funds other than Capital Projects Funds and certain Special Revenue Funds (such as grant funds and tax increment funds), which are appropriated on a project-length basis. Budgets are controlled at the department level throughout the year and total expenditures plus encumbrances may not legally exceed appropriations for each budgeted fund. The Special Revenue Funds which are budgeted annually are the Community Development Block Grant Fund, the Urban Development Action Grant Fund, the Home Grant Fund, the Cultural and Nature Projects Fund, the State Law Enforcement Contraband Forfeiture Fund, the Federal Law Enforcement Contraband Forfeiture Fund, the Police Billable Overtime Fund, the Economic Development Fund, the Additional 5 Cents Local Option Gas Tax Fund, the Evergreen Cemetery Trust Fund, the Thomas Center Trust Fund, the School Crossing Guard Trust Fund and the Art in Public Places Trust Fund. All other Special Revenue Funds are appropriated on a project-length, multi-year basis.

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

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

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

The actual results of operations are presented in accordance with GAAP, and the City does not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. 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.

As illustrated on the previous page, on the budgetary basis, total expenditures were \$377,859 less than the final budget. Revenues were recognized in an amount \$1,024,267 in excess of the final budget. Including other financing sources and uses, the General Fund fund balance decreased by \$1,408,101 less than was budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
EMPLOYEES' PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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
9/30/08	\$ 293,371,107	\$ 307,961,854	\$ 14,590,747	95.26%	\$ 76,840,947	18.99%
9/30/07	284,869,306	293,642,423	8,773,117	97.01%	72,728,508	12.06%
9/30/06	262,621,476	274,195,707	11,574,231	95.78%	71,106,379	16.28%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
DISABILITY PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b) - (a)	Funded ratio (a/b)	Covered Payroll (c)	UAAL as % of covered payroll (b-a)/c
09/30/08	\$ 4,541,364	\$ 3,218,933	\$ (1,322,431)	141.08%	\$ 76,840,947	-1.72%
09/30/07	4,882,539	3,164,662	(1,717,877)	154.28%	72,728,508	-2.36%
09/30/06	4,225,636	3,160,818	(1,064,818)	133.69%	71,106,379	-1.50%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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
10/1/08	\$ 174,300,300	\$ 175,971,441	\$ 1,671,141	99.05%	\$ 24,045,292	6.95%
10/1/07	168,434,939	166,905,140	(1,529,799)	100.92%	22,739,418	-6.73%
10/1/06	155,509,178	157,048,198	1,539,020	99.02%	21,579,538	7.13%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded (UAAL) (b) - (a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of covered payroll (b-a)/c</u>
9/30/08	\$ 48,305,411	\$ 57,006,464	\$ 8,701,053	84.74%	\$ 121,357,630	7.17%
9/30/07	58,288,705	74,904,008	16,615,303	77.82%	104,807,692	15.85%
9/30/06	51,805,265	73,563,260	21,757,995	70.42%	99,154,562	21.94%

CITY OF GAINESVILLE, FLORIDA
NOTES TO SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	EMPLOYEES' PLAN	DISABILITY PLAN		CONSOLIDATED PLAN		OPEB PLAN	
Valuation Date	10/01/08	10/01/08		10/01/08		10/01/08	
Actuarial Cost Method	Entry Age Normal	Entry Age Normal		Entry Age Normal		Entry Age Normal	
Amortization Method	Level percent	Level percent		Level percent		Level percent	
Asset Valuation Method	5-year smoothed market	Market value		5-year smoothed market		Market value	
Actuarial Assumptions: Investment Rate of Return*	9.25% per annum	9.25% per annum		8.50% per annum		9.00% per annum	
Salary Increase Rate*	<u>Years of svc.</u> 6 & under 7 - 11 12 - 16 Over 16	<u>Rate</u> 7% 6 4 3.75	<u>Years of svc.</u> 6 & under 7 - 11 12 - 16 Over 16	<u>Rate</u> 7% 6 4 3.75	<u>Age range</u> Less than 30 30 - 35 35 - 40 40 & older	<u>Rate</u> 7% 6 5 4	not applicable
Health Care Cost Trend Rate	not applicable	not applicable		not applicable		7%	

* Includes inflation of 3.75%.

In the Consolidated Plan, prior year actuarial data is updated using the most recent version provided by the actuary, which may vary from the amounts presented in previous financial reports.



CITY OF

GAINESVILLE

every path starts with passion

FLORIDA

NONMAJOR GOVERNMENT FUNDS

SPECIAL REVENUE FUNDS

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

The City maintains the following Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

Federal Emergency Management Agency (FEMA) Grant Fund – to account for expenditures and federal and state reimbursement of costs incurred by the City from the three hurricanes passing through the area during the last few weeks of the fiscal year 2004.

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

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

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

Emergency Disaster FEMA Fay 08 Fund – to account for expenditures and federal and state grant reimbursement of costs incurred by the City from Tropical Storm Fay.

Additional 5 Cents Local Option Gas Tax Fund - to account for the receipt and use of the voter-approved additional five cents local option gas tax revenue.

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

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

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

Thomas Center Trust Fund – To account for donated funds and interest earned on such funds, which are to be used for projects at the Thomas Center.

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

The City maintains the following Debt Service Funds:

First Florida Governmental Financing Commission (FFGFC) Fund - Series 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.

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.

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

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

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

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

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

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

Depot Ave Stormwater Park Debt Service – to account for funds to accumulate the debt service requirements of the FDEP State Revolving Loan.

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

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

CAPITAL PROJECTS FUNDS

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

The City maintains the following Capital Projects Funds:

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

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

Greenspace 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.

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 FFGFC 2002 bond and interest earnings.

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

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

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

Depot Stormwater Park State Revolving Loan Fund – to account for the costs of the Depot Park stormwater improvement financed by the FDEP State Revolving Loan.

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

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

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

GPD Energy Conservation Capital Project Fund – to account for the costs of the GPD energy conservation project through Siemens, funded by a capital lease.

FFGFC 07 Capital Projects Fund – to account for the costs of various capital projects financed by the First Florida Governmental Financing Commission 2007 and interest earnings.

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

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS

	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	-	556,670	-	191,225	152,445
Investments	-	-	-	-	-
Receivables	603,542	749,369	785,946	1,479	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	156,271
TOTAL ASSETS	\$ 603,542	\$ 1,306,039	\$ 785,946	\$ 192,704	\$ 308,716
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ 25,340	\$ -	\$ 4,099	\$ 16,350	\$ 1,759
Due to Other Funds	372,995	-	574,333	-	-
Deferred Revenue	32,745	749,369	108,919	-	156,271
TOTAL LIABILITIES	431,080	749,369	687,351	16,350	158,030
<u>FUND BALANCES</u>					
Reserved for Encumbrances	-	-	-	-	1,099
Reserved for Legal Restrictions	29,625	-	486,556	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	-	-	-	-
Undesignated	142,837	556,670	(387,961)	176,354	149,587
TOTAL FUND BALANCES	172,462	556,670	98,595	176,354	150,686
TOTAL LIABILITIES AND FUND BALANCES	\$ 603,542	\$ 1,306,039	\$ 785,946	\$ 192,704	\$ 308,716

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	FEDERAL LAW EN- FORCEMENT CONTRABAND FORFEITURE FUND	POLICE BILLABLE OVERTIME FUND	STREET, SIDEWALK AND DITCH IMPROVE- MENT FUND	ECONOMIC DEVELOP- MENT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	4,032,466	-	144,221	188,385	-
Investments	-	-	-	-	-
Receivables	-	188,069	10,076	84,375	988,984
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 4,032,466	\$ 188,069	\$ 154,297	\$ 272,760	\$ 988,984
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ 2,220	\$ 33,887	\$ -	\$ 6,885	\$ 366,489
Due to Other Funds	-	153,134	-	-	524,733
Deferred Revenue	-	-	10,076	-	109,742
TOTAL LIABILITIES	2,220	187,021	10,076	6,885	1,000,964
<u>FUND BALANCES</u>					
Reserved for Encumbrances	11,104	-	-	-	1,565,046
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	4,019,142	-	-	-	-
Undesignated	-	1,048	144,221	265,875	(1,577,026)
TOTAL FUND BALANCES	4,030,246	1,048	144,221	265,875	(11,980)
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,032,466	\$ 188,069	\$ 154,297	\$ 272,760	\$ 988,984

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	TRANSPOR- TATION CONCURRENCY EXCEPTION AREA FUND	WATER AND WASTEWATER SURCHARGE INFRA- STRUCTURE FUND	SHIP FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY GRANT FUND	SMALL BUSINESS LOAN FUND
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	1,943,134	1,012,087	1,890,396	163,752	70,328
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 1,943,134	\$ 1,012,087	\$ 1,890,396	\$ 163,752	\$ 70,328
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 12,666	\$ 717	\$ -
Due to Other Funds	94,380	37,987	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	94,380	37,987	12,666	717	-
<u>FUND BALANCES</u>					
Reserved for Encumbrances	78,415	-	199,117	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	-	-	-	-
Undesignated	1,770,339	974,100	1,678,613	163,035	70,328
TOTAL FUND BALANCES	1,848,754	974,100	1,877,730	163,035	70,328
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,943,134	\$ 1,012,087	\$ 1,890,396	\$ 163,752	\$ 70,328

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	MISC- ELLANEOUS SPECIAL REVENUE FUND	TOURIST DESTINATION ENHANCE- MENT FUND	EMERGENCY DISASTER FEMA FAY 08 FUND	ADD'L 5 CENTS LOCAL OPT GAS TAX FUND	TOURIST PRODUCT DEVELOP FUND
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	466,930	212,772	-	770,662	134,547
Investments	-	-	-	-	-
Receivables	23,652	14,343	145,721	-	173,668
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 490,582	\$ 227,115	\$ 145,721	\$ 770,662	\$ 308,215
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ 7,076	\$ 1,596	\$ -	\$ -	\$ 11,891
Due to Other Funds	-	-	127,617	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	7,076	1,596	127,617	-	11,891
<u>FUND BALANCES</u>					
Reserved for Encumbrances	61,347	9,612	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	-	-	-	-
Undesignated	422,159	215,907	18,104	770,662	296,324
TOTAL FUND BALANCES	483,506	225,519	18,104	770,662	296,324
TOTAL LIABILITIES AND FUND BALANCES	\$ 490,582	\$ 227,115	\$ 145,721	\$ 770,662	\$ 308,215

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	PROPOR- TIONATE FAIR SHARE PROGRAM FUND	EVERGREEN CEMETERY TRUST FUND	THOMAS CENTER TRUST FUND	SCHOOL CROSSING GUARD TRUST FUND	ART IN PUBLIC PLACES TRUST FUND
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ 61,642	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	10,701	-	2,616	9,079	11,433
Investments	-	1,366,454	-	-	-
Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 10,701	\$ 1,428,096	\$ 2,616	\$ 9,079	\$ 11,433
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	74,307	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	74,307	-	-	-
<u>FUND BALANCES</u>					
Reserved for Encumbrances	-	-	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	-	-	-	-
Undesignated	10,701	1,353,789	2,616	9,079	11,433
TOTAL FUND BALANCES	10,701	1,353,789	2,616	9,079	11,433
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,701	\$ 1,428,096	\$ 2,616	\$ 9,079	\$ 11,433

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	<u>SPECIAL REVENUE FUNDS (concluded)</u>				<u>DEBT SERVICE FUNDS</u>
	<u>DOWNTOWN REDEVELOPMENT TAX INCREMENT FUND</u>	<u>FIFTH AVENUE TAX INCREMENT FUND</u>	<u>COLLEGE PARK TAX INCREMENT FUND</u>	<u>EASTSIDE TAX INCREMENT FUND</u>	<u>FFGFC SERIES 1996</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 517,891
Equity in Pooled Cash and Investments	1,773,336	632,531	5,328,100	1,010,009	33,362
Investments	-	-	-	-	-
Receivables	-	1,390	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 1,773,336	\$ 633,921	\$ 5,328,100	\$ 1,010,009	\$ 551,253
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ 25,000	\$ -	\$ 25,850	\$ -	\$ -
Due to Other Funds	15,392	151,202	95,000	-	-
Deferred Revenue	-	1,390	-	-	-
TOTAL LIABILITIES	40,392	152,592	120,850	-	-
<u>FUND BALANCES</u>					
Reserved for Encumbrances	89,399	5,983	126,994	9,586	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	499,000
Unreserved:					
Designated for Future Use	-	-	-	-	-
Undesignated	1,643,545	475,346	5,080,256	1,000,423	52,253
TOTAL FUND BALANCES	1,732,944	481,329	5,207,250	1,010,009	551,253
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,773,336	\$ 633,921	\$ 5,328,100	\$ 1,010,009	\$ 551,253

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

DEBT SERVICE FUNDS (continued)

	FFGFC SERIES <u>1998</u>	FFGFC SERIES <u>2001</u>	FFGFC SERIES <u>2002</u>	FFGFC SERIES <u>2005</u>	FFGFC SERIES <u>2007</u>	GUARANTEED ENTITLEMENT REFUNDING BONDS <u>2004</u>
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	37,270	-	192	18,042	169	67,828
Investments	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-	-
TOTAL ASSETS	\$ 37,270	\$ -	\$ 192	\$ 18,042	\$ 169	\$ 67,828
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
<u>FUND BALANCES</u>						
Reserved for Encumbrances	-	-	-	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-	-
Unreserved:						
Designated for Future Use	-	-	-	-	-	-
Undesignated	37,270	-	192	18,042	169	67,828
TOTAL FUND BALANCES	37,270	-	192	18,042	169	67,828
TOTAL LIABILITIES AND FUND BALANCES	\$ 37,270	\$ -	\$ 192	\$ 18,042	\$ 169	\$ 67,828

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

DEBT SERVICE FUNDS (continued)

	PENSION OBLIGATION BOND SERIES <u>2003A</u>	PENSION OBLIGATION BOND SERIES <u>2003B</u>	OTHER POST- EMPLOYMENT (OPEB) <u>BONDS 2005</u>	DEPOT AVE STORM- WATER PARK DEBT <u>SERVICE</u>	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) <u>SERIES 2005</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	108,336	101,806	198,903	684,862	94,260
Investments	-	-	-	-	-
Receivables	8,447	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 116,783	\$ 101,806	\$ 198,903	\$ 684,862	\$ 94,260
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	180,516	-
Deferred Revenue	-	-	-	414,067	-
TOTAL LIABILITIES	-	-	-	594,583	-
<u>FUND BALANCES</u>					
Reserved for Encumbrances	-	-	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	-	-	-	-
Undesignated	116,783	101,806	198,903	90,279	94,260
TOTAL FUND BALANCES	116,783	101,806	198,903	90,279	94,260
TOTAL LIABILITIES AND FUND BALANCES	\$ 116,783	\$ 101,806	\$ 198,903	\$ 684,862	\$ 94,260

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS			
	(concluded)				
	GPD ENERGY CONSERV. MASTER CAPITAL LEASE	GENERAL CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT CONSTRUCTION FUND	GREENSPACE ACQUISITION FUND	INFORMATION SYSTEMS CAPITAL PROJECTS FUND
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	7,049	3,973,984	52,252	592,722	3,211
Investments	-	-	-	-	-
Receivables	-	19,500	-	-	-
Due from Other Funds	-	10,204	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 7,049	\$ 4,003,688	\$ 52,252	\$ 592,722	\$ 3,211
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ -	\$ 7,442	\$ -	\$ -	\$ -
Due to Other Funds	-	24,977	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	32,419	-	-	-
<u>FUND BALANCES</u>					
Reserved for Encumbrances	-	645,319	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	-	3,325,950	14,089	-	2,431
Undesignated	7,049	-	38,163	592,722	780
TOTAL FUND BALANCES	7,049	3,971,269	52,252	592,722	3,211
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,049	\$ 4,003,688	\$ 52,252	\$ 592,722	\$ 3,211

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (continued)

	ROADWAY CONSTRUCTION FUND 96	COMMUNICATION EQUIPMENT PROJECT FUND 98	CAPITAL ACQUISITIONS FROM DEBT REFUNDING 98	COURTHOUSE PARKING GARAGE
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	458,760	27,465	34,418	19,310
Investments	-	-	-	-
Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Assets Held for Evidence	-	-	-	-
TOTAL ASSETS	\$ 458,760	\$ 27,465	\$ 34,418	\$ 19,310
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	\$ 26,540	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	26,540	-	-	-
<u>FUND BALANCES</u>				
Reserved for Encumbrances	220,357	-	-	15,000
Reserved for Legal Restrictions	-	-	-	-
Reserved for Debt Service	-	-	-	-
Unreserved:				
Designated for Future Use	-	22,808	28,440	-
Undesignated	211,863	4,657	5,978	4,310
TOTAL FUND BALANCES	432,220	27,465	34,418	19,310
TOTAL LIABILITIES AND FUND BALANCES	\$ 458,760	\$ 27,465	\$ 34,418	\$ 19,310

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (continued)

	<u>FLEET ACQUISITION FUND 01</u>	<u>CAPITAL PROJECTS FUND 02</u>	<u>DOWNTOWN PARKING GARAGE FUND 02</u>	<u>FIFTH AVENUE/ PLEASANT ST REHAB PROJ FUND 02</u>	<u>DOWNTOWN PARKING GARAGE SALES TAX FUND</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	3,748	3,272,479	15,531	300,321	37,519
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 3,748	\$ 3,272,479	\$ 15,531	\$ 300,321	\$ 37,519
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ -	\$ 2,400	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	2,400	-	-	-
<u>FUND BALANCES</u>					
Reserved for Encumbrances	-	145,307	-	-	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	790	1,848,645	-	244,139	-
Undesignated	2,958	1,276,127	15,531	56,182	37,519
TOTAL FUND BALANCES	3,748	3,270,079	15,531	300,321	37,519
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,748	\$ 3,272,479	\$ 15,531	\$ 300,321	\$ 37,519

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (continued)

	FFGFC 05 CAPITAL PROJECTS FUND	DEPOT STORM- WATER PARK STATE REVOLVING LOAN FUND	39TH AVENUE FLEET GARAGE EXPANSION FUND	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND	KENNEDY HOMES ACQUISITION/ DEMOLITION FUND
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash and Investments	1,835,901	945,711	20,900	15,173,937	601,550
Investments	-	-	-	-	-
Receivables	-	103,273	-	-	-
Due from Other Funds	-	-	-	-	-
Assets Held for Evidence	-	-	-	-	-
TOTAL ASSETS	\$ 1,835,901	\$ 1,048,984	\$ 20,900	\$ 15,173,937	\$ 601,550
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 22,595	\$ 1,899
Due to Other Funds	-	-	-	14,177	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	36,772	1,899
<u>FUND BALANCES</u>					
Reserved for Encumbrances	487,038	50,391	26,263	2,503,356	-
Reserved for Legal Restrictions	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Unreserved:					
Designated for Future Use	1,348,863	998,593	-	11,798,084	599,651
Undesignated	-	-	(5,363)	835,725	-
TOTAL FUND BALANCES	1,835,901	1,048,984	20,900	15,137,165	599,651
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,835,901	\$ 1,048,984	\$ 20,900	\$ 15,173,937	\$ 601,550

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (concluded)

	<u>GPD ENERGY CONSERVATION CAPITAL PROJECT FUND</u>	<u>FFGFC 07 CAPITAL PROJECTS FUND</u>	<u>CAMPUS DEVELOPMENT AGMT CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 579,533
Equity in Pooled Cash and Investments	-	121,817	5,434,678	54,986,118
Investments	-	-	-	1,366,454
Receivables	-	-	-	3,901,834
Due from Other Funds	-	-	-	10,204
Assets Held for Evidence	-	-	-	156,271
TOTAL ASSETS	\$ -	\$ 121,817	\$ 5,434,678	\$ 61,000,414
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 5,130	\$ 809,668	\$ 1,417,499
Due to Other Funds	-	-	13,891	2,454,641
Deferred Revenue	-	-	-	1,582,579
TOTAL LIABILITIES	-	5,130	823,559	5,454,719
 <u>FUND BALANCES</u>				
Reserved for Encumbrances	-	32,588	1,337,149	7,620,470
Reserved for Legal Restrictions	-	-	-	516,181
Reserved for Debt Service	-	-	-	499,000
Unreserved:				
Designated for Future Use	-	60,610	3,273,970	27,586,205
Undesignated	-	23,489	-	19,323,839
TOTAL FUND BALANCES	-	116,687	4,611,119	55,545,695
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 121,817	\$ 5,434,678	\$ 61,000,414

(CONCLUDED)

CITY OF
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CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	SPECIAL REVENUE FUNDS					
	COMMUNITY DEVELOP- MENT BLOCK GRANT FUND	URBAN DEVELOP- MENT ACTION GRANT FUND	HOME GRANT FUND	CULTURAL AND NATURE PROJECTS FUND	STATE LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND	FEDERAL LAW ENFORCE- MENT CONTRABAND FORFEITURE FUND
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,204,717	-	1,234,197	-	-	-
Charges for Services	5,652	-	-	378,066	-	-
Fines and Forfeitures	-	-	-	-	60,037	505,556
Miscellaneous	16,955	156,752	22,335	40,866	52,514	207,926
TOTAL REVENUES	1,227,324	156,752	1,256,532	418,932	112,551	713,482
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	35,269	575,107
Physical Environment	35,470	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	934,190	-	1,252,689	-	-	-
Human Services	222,518	-	-	-	-	-
Culture and Recreation	-	1,240	-	304,904	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	1,192,178	1,240	1,252,689	304,904	35,269	575,107
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	35,146	155,512	3,843	114,028	77,282	138,375
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	(35,146)	-	(3,843)	(2,444)	-	(1,134,821)
TOTAL OTHER FINANCING SOURCES (USES)	(35,146)	-	(3,843)	(2,444)	-	(1,134,821)
NET CHANGE IN FUND BALANCES	-	155,512	-	111,584	77,282	(996,446)
FUND BALANCES, October 1	172,462	401,158	98,595	64,770	73,404	5,026,692
FUND BALANCES, September 30	\$ 172,462	\$ 556,670	\$ 98,595	\$ 176,354	\$ 150,686	\$ 4,030,246

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	POLICE BILLABLE OVERTIME FUND	STREET, SIDEWALK AND DITCH IMPROVEMENT FUND	ECONOMIC DEVELOP- MENT FUND	MISCEL- LANEOUS GIFTS AND GRANTS FUND	TRANSPORTATION CONCURRENCY EXCEPTION AREA FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,404,207	-
Charges for Services	703,889	-	-	-	1,080,830
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	7,039	188,931	25,223	88,406
TOTAL REVENUES	703,889	7,039	188,931	1,429,430	1,169,236
EXPENDITURES					
Current:					
General Government	-	-	-	1,665	-
Public Safety	714,860	-	-	772,533	-
Physical Environment	-	-	-	70,613	-
Transportation	-	-	-	805,613	309,000
Economic Environment	-	-	244,516	217,173	-
Human Services	-	-	-	4,000	-
Culture and Recreation	-	-	-	72,695	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	714,860	-	244,516	1,944,292	309,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,971)	7,039	(55,585)	(514,862)	860,236
OTHER FINANCING SOURCES (USES)					
Transfers In	12,019	-	34,000	491,686	-
Transfers Out	-	-	-	(20,842)	-
TOTAL OTHER FINANCING SOURCES (USES)	12,019	-	34,000	470,844	-
NET CHANGE IN FUND BALANCES	1,048	7,039	(21,585)	(44,018)	860,236
FUND BALANCES, October 1	-	137,182	287,460	32,038	988,518
FUND BALANCES, September 30	\$ 1,048	\$ 144,221	\$ 265,875	\$ (11,980)	\$ 1,848,754

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	WATER AND WASTEWATER SURCHARGE INFRASTRUCTURE FUND	SHIP FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY GRANT FUND	SMALL BUSINESS LOAN FUND	MISCELLANEOUS SPECIAL REVENUE FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,140,701	-	-	303,714
Charges for Services	-	-	-	-	17,757
Fines and Forfeitures	-	-	-	-	64,201
Miscellaneous	45,046	112,699	-	90	400,300
TOTAL REVENUES	45,046	1,253,400	-	90	785,972
EXPENDITURES					
Current:					
General Government	-	-	-	-	337,924
Public Safety	-	-	-	-	149,419
Physical Environment	92,584	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	1,560,063	-	-	12,234
Human Services	-	-	-	-	184,402
Culture and Recreation	-	-	-	-	387,036
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	92,584	1,560,063	-	-	1,071,015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(47,538)	(306,663)	-	90	(285,043)
OTHER FINANCING SOURCES (USES)					
Transfers In	17,980	-	-	-	247,029
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	17,980	-	-	-	247,029
NET CHANGE IN FUND BALANCES	(29,558)	(306,663)	-	90	(38,014)
FUND BALANCES, October 1	1,003,658	2,184,393	163,035	70,238	521,520
FUND BALANCES, September 30	\$ 974,100	\$ 1,877,730	\$ 163,035	\$ 70,328	\$ 483,506

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	TOURIST DESTINATION ENHANCEMENT FUND	EMERGENCY DISASTER FEMA FAY 08 FUND	ADD'L 5 CENTS LOCAL OPT GAS TAX FUND	TOURIST PRODUCT DEVELOP FUND	PROPOR- TIONATE FAIR SHARE PROGRAM FUND
REVENUES					
Taxes	\$ -	\$ -	\$ 1,210,662	\$ -	\$ -
Intergovernmental	40,583	143,248	-	606,810	-
Charges for Services	-	-	-	-	10,701
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	40,583	143,248	1,210,662	606,810	10,701
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	125,144	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	171,709	-	-	279,409	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	171,709	125,144	-	279,409	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(131,126)	18,104	1,210,662	327,401	10,701
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(11,863)	-	(440,000)	(31,077)	-
TOTAL OTHER FINANCING SOURCES (USES)	(11,863)	-	(440,000)	(31,077)	-
NET CHANGE IN FUND BALANCES	(142,989)	18,104	770,662	296,324	10,701
FUND BALANCES, October 1	368,508	-	-	-	-
FUND BALANCES, September 30	\$ 225,519	\$ 18,104	\$ 770,662	\$ 296,324	\$ 10,701

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SPECIAL REVENUE FUNDS (continued)

	EVERGREEN CEMETERY TRUST FUND	THOMAS CENTER TRUST FUND	SCHOOL CROSSING GUARD TRUST FUND	ART IN PUBLIC PLACES TRUST FUND	DOWNTOWN REDEVELOP- MENT TAX INCREMENT FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 766,565
Intergovernmental	-	-	-	-	-
Charges for Services	8,193	-	-	-	-
Fines and Forfeitures	-	-	43,584	-	-
Miscellaneous	(323,509)	-	580	1,056	74,543
TOTAL REVENUES	(315,316)	-	44,164	1,056	841,108
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	808,729
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	5,757	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	5,757	808,729
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(315,316)	-	44,164	(4,701)	32,379
OTHER FINANCING SOURCES (USES)					
Transfers In	-	2,616	-	3,016	771,489
Transfers Out	(45,110)	-	(35,525)	(9,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(45,110)	2,616	(35,525)	(5,984)	771,489
NET CHANGE IN FUND BALANCES	(360,426)	2,616	8,639	(10,685)	803,868
FUND BALANCES, October 1	1,714,215	-	440	22,118	929,076
FUND BALANCES, September 30	\$ 1,353,789	\$ 2,616	\$ 9,079	\$ 11,433	\$ 1,732,944

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>SPECIAL REV FUNDS (concl)</u>			<u>DEBT SERVICE FUNDS</u>		
	<u>FIFTH AVENUE TAX INCREMENT FUND</u>	<u>COLLEGE PARK TAX INCREMENT FUND</u>	<u>EASTSIDE TAX INCREMENT FUND</u>	<u>FFGFC SERIES 1996</u>	<u>FFGFC SERIES 1998</u>	<u>FFGFC SERIES 2001</u>
REVENUES						
Taxes	\$ 237,889	\$ 1,652,190	\$ 335,901	\$ -	\$ -	\$ -
Intergovernmental	9,918	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	168,789	219,592	40,674	37,512	17,459	(18)
TOTAL REVENUES	416,596	1,871,782	376,575	37,512	17,459	(18)
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	1,008,609	1,058,934	206,976	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	435,000	965,000	-
Interest and Fiscal Charges	-	-	-	82,835	254,605	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	1,008,609	1,058,934	206,976	517,835	1,219,605	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(592,013)	812,848	169,599	(480,323)	(1,202,146)	(18)
OTHER FINANCING SOURCES (USES)						
Transfers In	132,155	919,218	186,884	495,660	1,218,700	-
Transfers Out	-	-	-	-	-	(3,710)
TOTAL OTHER FINANCING SOURCES (USES)	132,155	919,218	186,884	495,660	1,218,700	(3,710)
NET CHANGE IN FUND BALANCES	(459,858)	1,732,066	356,483	15,337	16,554	(3,728)
FUND BALANCES, October 1	941,187	3,475,184	653,526	535,916	20,716	3,728
FUND BALANCES, September 30	\$ 481,329	\$ 5,207,250	\$ 1,010,009	\$ 551,253	\$ 37,270	\$ -

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

DEBT SERVICE FUNDS (continued)

	FFGFC SERIES <u>2002</u>	FFGFC SERIES <u>2005</u>	FFGFC SERIES <u>2007</u>	GUARANTEED ENTITLEMENT REFUNDING BONDS <u>2004</u>	PENSION OBLIGATION BOND SERIES <u>2003A</u>	PENSION OBLIGATION BOND SERIES <u>2003B</u>
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,041,513	853,808	-
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	6,636	4,041	819	26,250	23,321	32,819
TOTAL REVENUES	6,636	4,041	819	1,067,763	877,129	32,819
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	390,000	215,000	50,000	645,000	288,434	361,559
Interest and Fiscal Charges	392,527	200,958	64,056	396,812	1,157,341	2,417,362
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	782,527	415,958	114,056	1,041,812	1,445,775	2,778,921
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(775,891)	(411,917)	(113,237)	25,951	(568,646)	(2,746,102)
OTHER FINANCING SOURCES (USES)						
Transfers In	775,122	411,184	112,805	-	588,377	2,778,921
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	775,122	411,184	112,805	-	588,377	2,778,921
NET CHANGE IN FUND BALANCES	(769)	(733)	(432)	25,951	19,731	32,819
FUND BALANCES, October 1	961	18,775	601	41,877	97,052	68,987
FUND BALANCES, September 30	\$ 192	\$ 18,042	\$ 169	\$ 67,828	\$ 116,783	\$ 101,806

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	DEBT SERVICE FUNDS (concluded)			
	OTHER POST- EMPLOYMENT (OPEB) BONDS 2005	DEPOT AVE STORM- WATER PARK DEBT SERVICE	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) SERIES 2005	GPD ENERGY CONSERV. MASTER CAPITAL LEASE
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,893,631	361,032	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	78,996	27,731	28,095	(437)
TOTAL REVENUES	1,972,627	388,763	28,095	(437)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal	2,905,000	601,944	820,000	70,859
Interest and Fiscal Charges	1,383,442	39,883	907,669	39,169
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	4,288,442	641,827	1,727,669	110,028
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,315,815)	(253,064)	(1,699,574)	(110,465)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,393,548	291,075	1,727,669	101,861
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,393,548	291,075	1,727,669	101,861
NET CHANGE IN FUND BALANCES	77,733	38,011	28,095	(8,604)
FUND BALANCES, October 1	121,170	52,268	66,165	15,653
FUND BALANCES, September 30	\$ 198,903	\$ 90,279	\$ 94,260	\$ 7,049

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS

	GENERAL CAPITAL PROJECTS FUND	PUBLIC IMPROVEMENT CONSTRUCTION FUND	GREENSPACE ACQUISITION FUND	INFORMATION SYSTEMS CAPITAL PROJECTS FUND	ROADWAY CONSTRUCTION FUND 96
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,600,000	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	1,393,167	2,074	1,204,303	127	19,179
TOTAL REVENUES	1,393,167	2,074	4,804,303	127	19,179
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	860,249	924	4,845,000	-	74,394
TOTAL EXPENDITURES	860,249	924	4,845,000	-	74,394
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	532,918	1,150	(40,697)	127	(55,215)
OTHER FINANCING SOURCES (USES)					
Transfers In	2,957,668	-	525,000	-	-
Transfers Out	(200,000)	-	(25,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,757,668	-	500,000	-	-
NET CHANGE IN FUND BALANCES	3,290,586	1,150	459,303	127	(55,215)
FUND BALANCES, October 1	680,683	51,102	133,419	3,084	487,435
FUND BALANCES, September 30	\$ 3,971,269	\$ 52,252	\$ 592,722	\$ 3,211	\$ 432,220

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (continued)

	COMMUNICATION EQUIPMENT PROJECT FUND 98	CAPITAL ACQUISITIONS FROM DEBT REFUNDING 98	COURTHOUSE PARKING GARAGE	FLEET ACQUISITION FUND 01	CAPITAL PROJECTS FUND 02
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	1,088	1,365	771	107	246,719
TOTAL REVENUES	1,088	1,365	771	107	246,719
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	1,610	-	500	-	-
TOTAL EXPENDITURES	1,610	-	500	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(522)	1,365	271	107	246,719
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(522)	1,365	271	107	246,719
FUND BALANCES, October 1	27,987	33,053	19,039	3,641	3,023,360
FUND BALANCES, September 30	\$ 27,465	\$ 34,418	\$ 19,310	\$ 3,748	\$ 3,270,079

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (continued)

	DOWNTOWN PARKING GARAGE FUND 02	FIFTH AVENUE/ PLEASANT ST. REHAB. PROJ. FUND 02	DOWNTOWN PARKING GARAGE SALES TAX FUND	FFGFC 05 CAPITAL PROJECTS FUND	DEPOT STORM- WATER PARK STATE REVOLVING LOAN FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	615	12,524	1,487	35,908	38,309
TOTAL REVENUES	615	12,524	1,487	35,908	38,309
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	5,072	-	862,323	56,523
TOTAL EXPENDITURES	-	5,072	-	862,323	56,523
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	615	7,452	1,487	(826,415)	(18,214)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	1,102,555	-
Transfers Out	-	-	-	(416)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	1,102,139	-
NET CHANGE IN FUND BALANCES	615	7,452	1,487	275,724	(18,214)
FUND BALANCES, October 1	14,916	292,869	36,032	1,560,177	1,067,198
FUND BALANCES, September 30	\$ 15,531	\$ 300,321	\$ 37,519	\$ 1,835,901	\$ 1,048,984

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (continued)

	39TH AVENUE FLEET GARAGE EXPANSION FUND	CAPITAL IMPROVEMENT REVENUE BOND (CIRB) 2005 CIP FUND	KENNEDY HOMES ACQUISITION/ DEMOLITION FUND	GPD ENERGY CONSERVATION CAPITAL PROJECT FUND
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	1,455	702,346	6,812	259
TOTAL REVENUES	1,455	702,346	6,812	259
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	42,120	4,929,925	88,088	60,713
TOTAL EXPENDITURES	42,120	4,929,925	88,088	60,713
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,665)	(4,227,579)	(81,276)	(60,454)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	448,695	-
Transfers Out	-	(53,730)	-	(468)
TOTAL OTHER FINANCING SOURCES (USES)	-	(53,730)	448,695	(468)
NET CHANGE IN FUND BALANCES	(40,665)	(4,281,309)	367,419	(60,922)
FUND BALANCES, October 1	61,565	19,418,474	232,232	60,922
FUND BALANCES, September 30	\$ 20,900	\$ 15,137,165	\$ 599,651	\$ -

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

CAPITAL PROJECTS FUNDS (concluded)

	FFGFC 07 CAPITAL PROJECTS FUND	CAMPUS DEVELOPMENT AGMT CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ -	\$ -	\$ 4,203,207
Intergovernmental	-	-	13,838,079
Charges for Services	-	-	2,205,088
Fines and Forfeitures	-	-	673,378
Miscellaneous	4,476	223,120	5,726,242
TOTAL REVENUES	4,476	223,120	26,645,994
EXPENDITURES			
Current:			
General Government	-	-	339,589
Public Safety	-	-	2,372,332
Physical Environment	-	-	198,667
Transportation	-	-	1,114,613
Economic Environment	-	-	7,304,113
Human Services	-	-	410,920
Culture and Recreation	-	-	1,222,750
Debt Service:			
Principal	-	-	7,747,796
Interest and Fiscal Charges	-	-	7,336,659
Capital Outlay	23,560	1,116,401	12,967,402
TOTAL EXPENDITURES	23,560	1,116,401	41,014,841
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,084)	(893,281)	(14,368,847)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	18,746,932
Transfers Out	-	-	(2,052,995)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	16,693,937
NET CHANGE IN FUND BALANCES	(19,084)	(893,281)	2,325,090
FUND BALANCES, October 1	135,771	5,504,400	53,220,605
FUND BALANCES, September 30	\$ 116,687	\$ 4,611,119	\$ 55,545,695

(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, 2008

	<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	\$ 1,204,717	\$ -	\$ 1,204,717	\$ 2,435,723	\$ (1,231,006)
Charges for Services	5,652	-	5,652	3,837	1,815
Miscellaneous	16,955	-	16,955	16,820	135
TOTAL REVENUES	<u>1,227,324</u>	<u>-</u>	<u>1,227,324</u>	<u>2,456,380</u>	<u>(1,229,056)</u>
<u>EXPENDITURES</u>					
Physical Environment	35,470	-	35,470	854,131	818,661
Economic Environment	934,190	-	934,190	1,265,155	330,965
Human Services	222,518	-	222,518	268,789	46,271
TOTAL EXPENDITURES	<u>1,192,178</u>	<u>-</u>	<u>1,192,178</u>	<u>2,388,075</u>	<u>1,195,897</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	35,146	-	35,146	68,305	(33,159)
<u>OTHER FINANCING USES</u>					
Transfers Out	(35,146)	-	(35,146)	(110,487)	75,341
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,182)</u>	<u>\$ 42,182</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
URBAN DEVELOPMENT ACTION GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<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	\$ 132,114	\$ -	\$ 132,114	\$ 132,114	\$ -
Investment Income	<u>24,638</u>	<u>-</u>	<u>24,638</u>	<u>24,638</u>	<u>-</u>
TOTAL REVENUES	156,752	-	156,752	156,752	-
<u>EXPENDITURES</u>					
Culture and Recreation	<u>1,240</u>	<u>-</u>	<u>1,240</u>	<u>1,240</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 155,512	\$ -	\$ 155,512	\$ 155,512	\$ -

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
HOME GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<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	\$ 1,234,197	\$ -	\$ 1,234,197	\$ 1,770,800	\$ (536,603)
Miscellaneous	<u>22,335</u>	<u>-</u>	<u>22,335</u>	<u>22,277</u>	<u>58</u>
TOTAL REVENUES	1,256,532	-	1,256,532	1,793,077	(536,545)
<u>EXPENDITURES</u>					
Economic Environment	<u>1,252,689</u>	<u>-</u>	<u>1,252,689</u>	<u>2,323,022</u>	<u>1,070,333</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,843	-	3,843	(529,945)	533,788
<u>OTHER FINANCING USES</u>					
Transfer Out	<u>(3,843)</u>	<u>-</u>	<u>(3,843)</u>	<u>(3,843)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ (533,788)	\$ 533,788

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CULTURAL AND NATURE PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for Services:					
Entry Fees and Ticket Sales	\$ 378,066	\$ -	\$ 378,066	\$ 328,400	\$ 49,666
Miscellaneous:					
Donations	30,150	-	30,150	87,000	(56,850)
Other Miscellaneous	10,716	-	10,716	12,000	(1,284)
Total Miscellaneous	40,866	-	40,866	99,000	(58,134)
TOTAL REVENUES	418,932	-	418,932	427,400	(8,468)
<u>EXPENDITURES</u>					
Culture and Recreation	304,904	-	304,904	391,534	86,630
EXCESS OF REVENUES OVER EXPENDITURES	114,028	-	114,028	35,866	78,162
<u>OTHER FINANCING USES</u>					
Transfers Out	(2,444)	-	(2,444)	(2,444)	-
NET CHANGE IN FUND BALANCES	\$ 111,584	\$ -	\$ 111,584	\$ 33,422	\$ 78,162

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, 2008

	<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	\$ 60,037	\$ -	\$ 60,037	\$ 26,503	\$ 33,534
Miscellaneous:					
Investment Income	4,775	-	4,775	1,995	2,780
Other Miscellaneous	47,739	-	47,739	19,510	28,229
Total Miscellaneous	52,514	-	52,514	21,505	31,009
TOTAL REVENUES	112,551	-	112,551	48,008	64,543
<u>EXPENDITURES</u>					
Public Safety	35,269	1,099	36,368	35,269	(1,099)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 77,282	\$ (1,099)	\$ 76,183	\$ 12,739	\$ 63,444

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, 2008

	<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	\$ 505,556	\$ -	\$ 505,556	\$ 366,296	\$ 139,260
Miscellaneous:					
Investment Income	<u>207,926</u>	<u>-</u>	<u>207,926</u>	<u>105,468</u>	<u>102,458</u>
TOTAL REVENUES	713,482	-	713,482	471,764	241,718
 <u>EXPENDITURES</u>					
Public Safety	<u>575,107</u>	<u>11,104</u>	<u>586,211</u>	<u>586,211</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	138,375	(11,104)	127,271	(114,447)	241,718
 <u>OTHER FINANCING USES</u>					
Transfers Out	<u>(1,134,821)</u>	<u>-</u>	<u>(1,134,821)</u>	<u>(1,134,821)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ (996,446)	\$ (11,104)	\$ (1,007,550)	\$ (1,249,268)	\$ 241,718

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
POLICE BILLABLE OVERTIME FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Charges for Services:					
Billable Overtime	\$ 703,889	\$ -	\$ 703,889	\$ 703,889	\$ -
<u>EXPENDITURES</u>					
Public Safety	<u>714,860</u>	<u>-</u>	<u>714,860</u>	<u>715,908</u>	<u>1,048</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,971)	-	(10,971)	(12,019)	1,048
<u>OTHER FINANCING SOURCES</u>					
Transfers In	<u>12,019</u>	<u>-</u>	<u>12,019</u>	<u>12,019</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ 1,048	\$ -	\$ 1,048	\$ -	\$ 1,048

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Rental Income	\$ 180,522	\$ -	\$ 180,522	\$ 193,000	\$ (12,478)
Investment Income	8,409	-	8,409	4,500	3,909
Total Miscellaneous Revenue	<u>188,931</u>	<u>-</u>	<u>188,931</u>	<u>197,500</u>	<u>(8,569)</u>
TOTAL REVENUES	188,931	-	188,931	197,500	(8,569)
<u>EXPENDITURES</u>					
Economic Environment	<u>244,516</u>	<u>-</u>	<u>244,516</u>	<u>250,500</u>	<u>5,984</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,585)	-	(55,585)	(53,000)	(2,585)
<u>OTHER FINANCING SOURCES</u>					
Transfers In	<u>34,000</u>	<u>-</u>	<u>34,000</u>	<u>34,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	\$ (21,585)	\$ -	\$ (21,585)	\$ (19,000)	\$ (2,585)

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
ADDITIONAL 5 CENTS LOCAL OPTION GAS TAX FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<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:					
Local Option Gas Tax	\$ 1,210,662	\$ -	\$ 1,210,662	\$ 1,540,512	\$ (329,850)
<u>EXPENDITURES</u>					
	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,210,662	-	1,210,662	1,540,512	(329,850)
<u>OTHER FINANCING USES</u>					
Transfers Out	<u>(440,000)</u>	<u>-</u>	<u>(440,000)</u>	<u>(440,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 770,662</u>	<u>\$ -</u>	<u>\$ 770,662</u>	<u>\$ 1,100,512</u>	<u>\$ (329,850)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
EVERGREEN CEMETERY TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY</u> <u>BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>					
Charges for Services	\$ 8,193	\$ -	\$ 8,193	\$ 15,000	\$ (6,807)
Miscellaneous:					
Investment Income/(Loss)	<u>(323,509)</u>	<u>-</u>	<u>(323,509)</u>	<u>45,000</u>	<u>(368,509)</u>
TOTAL REVENUES	(315,316)	-	(315,316)	60,000	(375,316)
<u>EXPENDITURES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	(315,316)	-	(315,316)	60,000	(375,316)
<u>OTHER FINANCING USES</u>					
Transfers Out	<u>(45,110)</u>	<u>-</u>	<u>(45,110)</u>	<u>(45,110)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (360,426)</u>	<u>\$ -</u>	<u>\$ (360,426)</u>	<u>\$ 14,890</u>	<u>\$ (375,316)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
THOMAS CENTER TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>	\$ -	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-
<u>OTHER FINANCING SOURCES</u>					
Transfers In	<u>2,616</u>	<u>-</u>	<u>2,616</u>	<u>2,616</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,616</u>	<u>\$ -</u>	<u>\$ 2,616</u>	<u>\$ 2,616</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, 2008

	<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	\$ 43,584	\$ -	\$ 43,584	\$ 35,525	\$ 8,059
Miscellaneous:					
Investment Income	580	-	580	-	580
TOTAL REVENUES	44,164	-	44,164	35,525	8,639
<u>EXPENDITURES</u>					
	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	44,164	-	44,164	35,525	8,639
<u>OTHER FINANCING USES</u>					
Transfers Out	(35,525)	-	(35,525)	(35,525)	-
NET CHANGE IN FUND BALANCES	\$ 8,639	\$ -	\$ 8,639	\$ -	\$ 8,639

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, 2008

	<u>ACTUAL</u>	<u>ENCUMBRANCES</u>	<u>BUDGETARY</u> <u>BASIS</u>	<u>BUDGET</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET -</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>					
Miscellaneous:					
Investment Income	\$ 1,056	\$ -	\$ 1,056	\$ -	\$ 1,056
<u>EXPENDITURES</u>					
Culture and Recreation	5,757	-	5,757	5,757	-
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	(4,701)	-	(4,701)	(5,757)	1,056
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	3,016	-	3,016	3,016	-
Transfers Out	(9,000)	-	(9,000)	(9,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,984)	-	(5,984)	(5,984)	-
 NET CHANGE IN FUND BALANCES	 \$ (10,685)	 \$ -	 \$ (10,685)	 \$ (11,741)	 \$ 1,056

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 1996
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 37,512	\$ 22,500	\$ 15,012
<u>EXPENDITURES</u>			
Debt Service:			
Principal	435,000	435,000	-
Interest and Fiscal Charges	82,835	82,835	-
TOTAL EXPENDITURES	517,835	517,835	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(480,323)	(495,335)	15,012
<u>OTHER FINANCING SOURCES</u>			
Transfers In	495,660	495,660	-
NET CHANGE IN FUND BALANCES	\$ 15,337	\$ 325	\$ 15,012

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 1998
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 17,459	\$ 2,000	\$ 15,459
<u>EXPENDITURES</u>			
Debt Service:			
Principal	965,000	965,000	-
Interest and Fiscal Charges	254,605	254,605	-
TOTAL EXPENDITURES	1,219,605	1,219,605	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,202,146)	(1,217,605)	15,459
<u>OTHER FINANCING SOURCES</u>			
Transfers In	1,218,700	1,218,700	-
NET CHANGE IN FUND BALANCES	\$ 16,554	\$ 1,095	\$ 15,459

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2001
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ (18)	\$ -	\$ (18)
<u>EXPENDITURES</u>	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18)	-	(18)
<u>OTHER FINANCING USES</u>			
Transfers Out	(3,710)	(3,710)	-
NET CHANGE IN FUND BALANCES	<u>\$ (3,728)</u>	<u>\$ (3,710)</u>	<u>\$ (18)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2002
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 6,636	\$ 7,405	\$ (769)
<u>EXPENDITURES</u>			
Debt Service:			
Principal	390,000	390,000	-
Interest and Fiscal Charges	392,527	392,527	-
TOTAL EXPENDITURES	<u>782,527</u>	<u>782,527</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(775,891)	(775,122)	(769)
<u>OTHER FINANCING SOURCES</u>			
Transfers In	775,122	775,122	-
NET CHANGE IN FUND BALANCES	<u>\$ (769)</u>	<u>\$ -</u>	<u>\$ (769)</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGC FUND - SERIES 2005
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 4,041	\$ -	\$ 4,041
<u>EXPENDITURES</u>			
Debt Service:			
Principal	215,000	215,000	-
Interest and Fiscal Charges	200,958	200,958	-
TOTAL EXPENDITURES	415,958	415,958	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(411,917)	(415,958)	4,041
<u>OTHER FINANCING SOURCES</u>			
Transfers In	411,184	411,184	-
NET CHANGE IN FUND BALANCES	\$ (733)	\$ (4,774)	\$ 4,041

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FFGFC FUND - SERIES 2007
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 819	\$ 650	\$ 169
<u>EXPENDITURES</u>			
Debt Service:			
Principal	50,000	50,000	-
Interest and Fiscal Charges	64,056	64,056	-
TOTAL EXPENDITURES	<u>114,056</u>	<u>114,056</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(113,237)	(113,406)	169
<u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>112,805</u>	<u>112,805</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (432)</u>	<u>\$ (601)</u>	<u>\$ 169</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GUARANTEED ENTITLEMENT REVENUE AND REFUNDING BONDS 2004
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE <u>(NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental:			
State Revenue Sharing	\$ 1,041,513	\$ 1,041,513	\$ -
Miscellaneous:			
Investment Income	<u>26,250</u>	<u>26,000</u>	<u>250</u>
TOTAL REVENUES	<u>1,067,763</u>	<u>1,067,513</u>	<u>250</u>
<u>EXPENDITURES</u>			
Debt Service:			
Principal	645,000	645,000	-
Interest and Fiscal Charges	<u>396,812</u>	<u>396,812</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,041,812</u>	<u>1,041,812</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 25,951</u>	<u>\$ 25,701</u>	<u>\$ 250</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, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental:			
Local Cost Sharing - GRU	\$ 847,224	\$ 847,224	\$ -
Other Local Cost Sharing	<u>6,584</u>	<u>6,584</u>	<u>-</u>
Total Intergovernmental	853,808	853,808	-
Miscellaneous:			
Investment Income	<u>23,321</u>	<u>-</u>	<u>23,321</u>
TOTAL REVENUES	<u>877,129</u>	<u>853,808</u>	<u>23,321</u>
<u>EXPENDITURES</u>			
Debt Service:			
Principal	288,434	288,434	-
Interest & Fiscal Charges	<u>1,157,341</u>	<u>1,157,341</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,445,775</u>	<u>1,445,775</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(568,646)	(591,967)	23,321
<u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>588,377</u>	<u>588,377</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 19,731</u>	<u>\$ (3,590)</u>	<u>\$ 23,321</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, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 32,819	\$ 1,000	\$ 31,819
<u>EXPENDITURES</u>			
Debt Service:			
Principal	361,559	361,559	-
Interest & Fiscal Charges	<u>2,417,362</u>	<u>2,417,362</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,778,921</u>	<u>2,778,921</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,746,102)	(2,777,921)	31,819
<u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>2,778,921</u>	<u>2,778,921</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 32,819</u>	<u>\$ 1,000</u>	<u>\$ 31,819</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
OTHER POST EMPLOYMENT (OPEB) BONDS 2005
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Intergovernmental:			
Local Cost Sharing - GRU	\$ 1,883,313	\$ 1,883,313	\$ -
Other Local Cost Sharing	<u>10,318</u>	<u>10,318</u>	<u>-</u>
Total Intergovernmental	1,893,631	1,893,631	-
Miscellaneous:			
Investment Income	<u>78,996</u>	<u>2,000</u>	<u>76,996</u>
TOTAL REVENUES	<u>1,972,627</u>	<u>1,895,631</u>	<u>76,996</u>
<u>EXPENDITURES</u>			
Debt Service:			
Principal	2,905,000	2,905,000	-
Interest and Fiscal Charges	<u>1,383,442</u>	<u>1,383,442</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4,288,442</u>	<u>4,288,442</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,315,815)	(2,392,811)	76,996
<u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>2,393,548</u>	<u>2,393,548</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 77,733</u>	<u>\$ 737</u>	<u>\$ 76,996</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
DEPOT AVENUE STORMWATER PARK DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Intergovernmental:			
Local Cost Sharing - GRU	\$ 361,032	\$ 361,032	\$ -
Miscellaneous:			
Investment Income	<u>27,731</u>	<u>-</u>	<u>27,731</u>
TOTAL REVENUES	<u>388,763</u>	<u>361,032</u>	<u>27,731</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal	601,944	601,944	-
Interest and Fiscal Charges	<u>39,883</u>	<u>39,883</u>	<u>-</u>
TOTAL EXPENDITURES	<u>641,827</u>	<u>641,827</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(253,064)	(280,795)	27,731
 <u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>291,075</u>	<u>291,075</u>	<u>-</u>
 NET CHANGE IN FUND BALANCES	 <u>\$ 38,011</u>	 <u>\$ 10,280</u>	 <u>\$ 27,731</u>

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BOND (CIRB) - SERIES 2005
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ 28,095	\$ 1,000	\$ 27,095
<u>EXPENDITURES</u>			
Debt Service:			
Principal	820,000	820,000	-
Interest and Fiscal Charges	907,669	907,669	-
TOTAL EXPENDITURES	1,727,669	1,727,669	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,699,574)	(1,726,669)	27,095
<u>OTHER FINANCING SOURCES</u>			
Transfers In	1,727,669	1,727,669	-
NET CHANGE IN FUND BALANCES	\$ 28,095	\$ 1,000	\$ 27,095

CITY OF GAINESVILLE, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GPD ENERGY CONSERVATION MASTER LEASE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET - POSITIVE <u>(NEGATIVE)</u>
<u>REVENUES</u>			
Miscellaneous:			
Investment Income	\$ <u>(437)</u>	\$ <u>-</u>	\$ <u>(437)</u>
<u>EXPENDITURES</u>			
Debt Service:			
Principal	70,859	70,859	-
Interest and Fiscal Charges	<u>39,169</u>	<u>39,169</u>	<u>-</u>
TOTAL EXPENDITURES	<u>110,028</u>	<u>110,028</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(110,465)	(110,028)	(437)
<u>OTHER FINANCING SOURCES</u>			
Transfers In	<u>101,861</u>	<u>101,861</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (8,604)</u>	<u>\$ (8,167)</u>	<u>\$ (437)</u>

ENTERPRISE FUNDS

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

The City maintains the following non-major Enterprise Funds:

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

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2008

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,150	\$ -	\$ 3,400
Equity in Pooled Cash and Investments	-	3,435,898	-
Receivables	2,405,078	165,638	1,400
Due from Other Funds	-	4,500,745	-
Inventories	765,607	-	17,071
Total Current Assets	<u>3,172,835</u>	<u>8,102,281</u>	<u>21,871</u>
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Buildings	3,253,500	21,757	521,783
Improvements other than buildings	1,081,128	-	262,239
Machinery and equipment	11,411,468	31,820	12,660
Infrastructure	-	7,854,538	-
Capital Assets (not depreciated):			
Land	434,765	2,654,657	520,265
Construction in progress	165,457	4,102,541	-
Total Noncurrent Assets	<u>16,346,318</u>	<u>14,665,313</u>	<u>1,316,947</u>
TOTAL ASSETS	<u>19,519,153</u>	<u>22,767,594</u>	<u>1,338,818</u>
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	334,119	39,329	8,883
Accounts Payable - Payroll	266,750	75,380	6,011
Due to Other Funds	1,720,218	-	2,749,849
Current Portion of Long-term Debt	12,916	2,987	332
Total Current Liabilities	<u>2,334,003</u>	<u>117,696</u>	<u>2,765,075</u>
Noncurrent Liabilities:			
Long-Term Debt	<u>322,902</u>	<u>74,672</u>	<u>8,299</u>
Total Noncurrent Liabilities	<u>322,902</u>	<u>74,672</u>	<u>8,299</u>
TOTAL LIABILITIES	<u>2,656,905</u>	<u>192,368</u>	<u>2,773,374</u>
 <u>NET ASSETS</u>			
Invested in capital assets	16,346,318	14,665,313	1,316,947
Restricted for:			
Capital Improvement Surcharge	-	-	137,617
RTS Grant	480,600	-	-
Unrestricted	35,330	7,909,913	(2,889,120)
TOTAL NET ASSETS	<u>\$ 16,862,248</u>	<u>\$ 22,575,226</u>	<u>\$ (1,434,556)</u>

(CONTINUED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2008

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ 5,550
Equity in Pooled Cash and Investments	4,614,996	807,201	8,858,095
Receivables	-	292,294	2,864,410
Due from Other Funds	-	496,210	4,996,955
Inventories	-	-	782,678
Total Current Assets	<u>4,614,996</u>	<u>1,595,705</u>	<u>17,507,688</u>
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation):			
Buildings	-	-	3,797,040
Improvements other than buildings	-	10,810	1,354,177
Machinery and equipment	288,816	22,979	11,767,743
Infrastructure	-	-	7,854,538
Capital Assets (not depreciated):			
Land	-	100,989	3,710,676
Construction in progress	-	-	4,267,998
Total Noncurrent Assets	<u>288,816</u>	<u>134,778</u>	<u>32,752,172</u>
TOTAL ASSETS	<u>4,903,812</u>	<u>1,730,483</u>	<u>50,259,860</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	21,732	1,029,807	1,433,870
Accounts Payable - Payroll	38,870	15,533	402,544
Due to Other Funds	120	900,000	5,370,187
Current Portion of Long-term Debt	3,828	1,169	21,232
Total Current Liabilities	<u>64,550</u>	<u>1,946,509</u>	<u>7,227,833</u>
Noncurrent Liabilities:			
Long-Term Debt	<u>95,690</u>	<u>29,232</u>	<u>530,795</u>
Total Noncurrent Liabilities	<u>95,690</u>	<u>29,232</u>	<u>530,795</u>
TOTAL LIABILITIES	<u>160,240</u>	<u>1,975,741</u>	<u>7,758,628</u>
<u>NET ASSETS</u>			
Invested in capital assets	288,816	134,778	32,752,172
Restricted for:			
Capital Improvement Surcharge	-	-	137,617
RTS Grant	-	-	480,600
Unrestricted	<u>4,454,756</u>	<u>(380,036)</u>	<u>9,130,843</u>
TOTAL NET ASSETS	<u>\$ 4,743,572</u>	<u>\$ (245,258)</u>	<u>\$ 42,501,232</u>

(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, 2008

	REGIONAL TRANSIT SYSTEM FUND	STORMWATER MANAGEMENT UTILITY FUND	IRONWOOD GOLF COURSE FUND
<u>OPERATING REVENUES</u>			
Sales and Service Charges	\$ 10,316,215	\$ 6,079,419	\$ 895,238
Other Operating Revenues	255,072	-	-
TOTAL OPERATING REVENUES	<u>10,571,287</u>	<u>6,079,419</u>	<u>895,238</u>
<u>OPERATING EXPENSES</u>			
Operations and Maintenance	16,788,462	3,723,972	801,004
Administrative and General	1,094,711	984,330	454,606
Depreciation and Amortization	1,843,859	196,903	85,710
TOTAL OPERATING EXPENSES	<u>19,727,032</u>	<u>4,905,205</u>	<u>1,341,320</u>
OPERATING INCOME (LOSS)	<u>(9,155,745)</u>	<u>1,174,214</u>	<u>(446,082)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>			
Investment Income /(Loss)	(164,049)	213,632	(121,328)
Gain on Disposal of Capital Assets	51,379	1,946	-
Local Option Gas Tax	1,990,000	-	-
Operating Grants	8,375,529	728,425	-
TOTAL NON OPERATING REVENUE(EXPENSES)	<u>10,252,859</u>	<u>944,003</u>	<u>(121,328)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,097,114	2,118,217	(567,410)
Capital Contributions	29,994	622,722	-
Transfers In	520,656	-	360,225
Transfers Out	(410,177)	(650,934)	(230,637)
CHANGE IN NET ASSETS	1,237,587	2,090,005	(437,822)
TOTAL NET ASSETS October 1	<u>15,624,661</u>	<u>20,485,221</u>	<u>(996,734)</u>
TOTAL NET ASSETS September 30	<u>\$ 16,862,248</u>	<u>\$ 22,575,226</u>	<u>\$ (1,434,556)</u>

(CONTINUED)

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, 2008

	FLORIDA BUILDING CODE ENFORCEMENT FUND	SOLID WASTE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>			
Sales and Service Charges	\$ 3,154,858	\$ 7,609,600	\$ 28,055,330
Other Operating Revenues	-	-	255,072
TOTAL OPERATING REVENUES	<u>3,154,858</u>	<u>7,609,600</u>	<u>28,310,402</u>
<u>OPERATING EXPENSES</u>			
Operations and Maintenance	1,694,955	6,501,641	29,510,034
Administrative and General	311,999	480,757	3,326,403
Depreciation and Amortization	38,961	20,783	2,186,216
TOTAL OPERATING EXPENSES	<u>2,045,915</u>	<u>7,003,181</u>	<u>35,022,653</u>
OPERATING INCOME (LOSS)	<u>1,108,943</u>	<u>606,419</u>	<u>(6,712,251)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>			
Investment Income /(Loss)	78,770	(5,904)	1,121
Gain on Disposal of Capital Assets	-	-	53,325
Local Option Gas Tax	-	-	1,990,000
Operating Grants	-	-	9,103,954
TOTAL NON OPERATING REVENUE(EXPENSES)	<u>78,770</u>	<u>(5,904)</u>	<u>11,148,400</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,187,713	600,515	4,436,149
Capital Contributions	-	-	652,716
Transfers In	100,000	6,400	987,281
Transfers Out	(48,037)	(627,385)	(1,967,170)
CHANGE IN NET ASSETS	1,239,676	(20,470)	4,108,976
TOTAL NET ASSETS			
October 1	<u>3,503,896</u>	<u>(224,788)</u>	<u>38,392,256</u>
TOTAL NET ASSETS			
September 30	<u>\$ 4,743,572</u>	<u>\$ (245,258)</u>	<u>\$ 42,501,232</u>

(CONCLUDED)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>REGIONAL TRANSIT SYSTEM FUND</u>	<u>STORMWATER MANAGEMENT UTILITY FUND</u>	<u>IRONWOOD GOLF COURSE FUND</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Received from Customers	\$ 11,794,892	\$ 5,913,781	\$ 895,238
Cash Paid to Suppliers	(8,405,718)	(2,778,599)	(685,346)
Cash Paid to Employees	(9,548,329)	(2,704,474)	(206,992)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(6,159,155)</u>	<u>430,708</u>	<u>2,900</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Local Option Gas Tax	1,990,000	-	-
Operating Grants	3,913,441	728,425	-
Interest Paid	(164,049)	-	(121,328)
Transfers from Other Funds	520,656	-	360,225
Transfers to Other Funds	(410,177)	(650,934)	(230,637)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>5,849,871</u>	<u>77,491</u>	<u>8,260</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from Sale of Capital Assets	51,379	1,946	-
Capital Contributions	4,462,088	-	-
Acquisition and Construction of Capital Assets	(4,203,583)	(122,292)	(11,160)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>309,884</u>	<u>(120,346)</u>	<u>(11,160)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Received	-	213,632	-
Purchase of Investments	-	(2,556,995)	-
Proceeds from Investment Maturities	-	1,847,850	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>(495,513)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	600	(107,660)	-
CASH - OCTOBER 1	<u>1,550</u>	<u>986,563</u>	<u>3,400</u>
CASH - SEPTEMBER 30	<u>\$ 2,150</u>	<u>\$ 878,903</u>	<u>\$ 3,400</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>FLORIDA</u> <u>BUILDING CODE</u> <u>ENFORCEMENT</u> <u>FUND</u>	<u>SOLID</u> <u>WASTE</u> <u>FUND</u>	<u>TOTAL</u> <u>NONMAJOR</u> <u>ENTERPRISE</u> <u>FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Received from Customers	\$ 3,154,858	\$ 7,378,487	\$ 29,137,256
Cash Paid to Suppliers	(549,881)	(5,601,513)	(18,021,057)
Cash Paid to Employees	(1,432,800)	(588,286)	(14,480,881)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,172,177</u>	<u>1,188,688</u>	<u>(3,364,682)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Local Option Gas Tax	-	-	1,990,000
Operating Grants	-	-	4,641,866
Interest Paid	-	(1,440)	(286,817)
Transfers from Other Funds	100,000	6,400	987,281
Transfers to Other Funds	(48,037)	(627,385)	(1,967,170)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACITIVITES	<u>51,963</u>	<u>(622,425)</u>	<u>5,365,160</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from Sale of Capital Assets	-	-	53,325
Capital Contributions	-	-	4,462,088
Acquisition and Construction of Capital Assets	(304,683)	-	(4,641,718)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(304,683)</u>	<u>-</u>	<u>(126,305)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Received	78,770	-	292,402
Purchase of Investments	(3,434,480)	(600,719)	(6,592,194)
Proceeds from Investment Maturities	2,357,894	157,076	4,362,820
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(997,816)</u>	<u>(443,643)</u>	<u>(1,936,972)</u>
NET INCREASE (DECREASE) IN CASH	(78,359)	122,620	(62,799)
CASH - OCTOBER 1	<u>1,258,875</u>	<u>83,862</u>	<u>2,334,250</u>
CASH - SEPTEMBER 30	<u>\$ 1,180,516</u>	<u>\$ 206,482</u>	<u>\$ 2,271,451</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>REGIONAL TRANSIT SYSTEM FUND</u>	<u>STORMWATER MANAGEMENT UTILITY FUND</u>	<u>IRONWOOD GOLF COURSE FUND</u>
OPERATING INCOME (LOSS)	\$ (9,155,745)	\$ 1,174,214	\$ (446,082)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation and Amortization	1,843,859	196,903	85,710
(Increase)/Decrease in Receivables	1,223,605	(165,638)	-
(Increase)/Decrease in Due from Other Funds	5,204	(482,709)	-
(Increase)/Decrease in Inventories	(72,004)	-	23,983
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(57,312)	(292,062)	(33,314)
Increase/(Decrease) in Due to Other Funds	<u>53,238</u>	<u>-</u>	<u>372,603</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (6,159,155)</u>	<u>\$ 430,708</u>	<u>\$ 2,900</u>

**RECONCILIATION OF CASH TO
BALANCE SHEET**

Cash	\$ 2,150	\$ 878,903	\$ 3,400
Investments	<u>-</u>	<u>2,556,995</u>	<u>-</u>
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER BALANCE SHEET	<u>\$ 2,150</u>	<u>\$ 3,435,898</u>	<u>\$ 3,400</u>

**NONCASH CAPITAL, INVESTING AND
FINANCING ACTIVITIES**

Contribution of Capital Assets	\$ 29,994	\$ -	\$ -
Change in Fair Value of Investments	-	(53,364)	-

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>FLORIDA</u> <u>BUILDING CODE</u> <u>ENFORCEMENT</u> <u>FUND</u>	<u>SOLID</u> <u>WASTE</u> <u>FUND</u>	<u>TOTAL</u> <u>NONMAJOR</u> <u>ENTERPRISE</u> <u>FUNDS</u>
OPERATING INCOME (LOSS)	\$ 1,108,943	\$ 606,419	\$ (6,712,251)
ADJUSTMENTS TO RECONCILE OPERATING INCOME			
(LOSS) TO NET CASH PROVIDED (USED) BY			
OPERATING ACTIVITIES:			
Depreciation and Amortization	38,961	20,783	2,186,216
(Increase)/Decrease in Receivables	-	(231,113)	826,854
(Increase)/Decrease in Due from Other Funds	-	(210,889)	(688,394)
(Increase)/Decrease in Inventories	-	-	(48,021)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	24,355	103,488	(254,845)
Increase/(Decrease) in Due to Other Funds	(82)	900,000	1,325,759
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,172,177</u>	<u>\$ 1,188,688</u>	<u>\$ (3,364,682)</u>

RECONCILIATION OF CASH TO
BALANCE SHEET

Cash	\$ 1,180,516	\$ 206,482	\$ 2,271,451
Investments	<u>3,434,480</u>	<u>600,719</u>	<u>6,592,194</u>
TOTAL CASH, EQUITY IN POOL AND INVESTMENTS PER BALANCE SHEET	<u>\$ 4,614,996</u>	<u>\$ 807,201</u>	<u>\$ 8,863,645</u>

NONCASH CAPITAL, INVESTING AND
FINANCING ACTIVITIES

Contribution of Capital Assets	\$ -	\$ -	\$ 29,994
Change in Fair Value of Investments	(30,974)	(6,551)	(90,889)

CITY OF
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FLORIDA



INTERNAL SERVICE FUNDS

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

The City maintains the following Internal Service Funds:

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2008

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 88,000	\$ -	\$ 88,000
Equity in Pooled Cash and Investments	10,505,305	3,751,690	9,554,312	23,811,307
Receivables	-	158,521	12,310	170,831
Due from Other Funds	235,912	-	264,424	500,336
Inventories	-	-	106,537	106,537
Prepaid Expenses	29,638	-	-	29,638
	<u>10,770,855</u>	<u>3,998,211</u>	<u>9,937,583</u>	<u>24,706,649</u>
Total Current Assets				
Noncurrent Assets:				
Capital Assets (net of accumulated depreciation):				
Buildings	-	-	52,089	52,089
Improvements other than Buildings	-	-	13,592	13,592
Machinery and Equipment	8,782	6,591	7,054,971	7,070,344
Capital Assets (non depreciable):				
Land	-	-	146,033	146,033
Construction in Progress	-	-	268,923	268,923
Total Noncurrent Assets	<u>8,782</u>	<u>6,591</u>	<u>7,535,608</u>	<u>7,550,981</u>
	<u>10,779,637</u>	<u>4,004,802</u>	<u>17,473,191</u>	<u>32,257,630</u>
TOTAL ASSETS				
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	7,608,088	1,431,522	194,349	9,233,959
Accounts Payable - Payroll	24,563	4,485	36,748	65,796
Current Portion of Long Term Debt	1,240	232	2,049	3,521
Total Current Liabilities	<u>7,633,891</u>	<u>1,436,239</u>	<u>233,146</u>	<u>9,303,276</u>
Noncurrent Liabilities:				
Long-Term Debt	<u>31,006</u>	<u>5,812</u>	<u>51,236</u>	<u>88,054</u>
	<u>7,664,897</u>	<u>1,442,051</u>	<u>284,382</u>	<u>9,391,330</u>
TOTAL LIABILITIES				
NET ASSETS				
Invested in Capital Assets	8,782	6,591	7,535,608	7,550,981
Unrestricted	<u>3,105,958</u>	<u>2,556,160</u>	<u>9,653,201</u>	<u>15,315,319</u>
	<u>\$ 3,114,740</u>	<u>\$ 2,562,751</u>	<u>\$ 17,188,809</u>	<u>\$ 22,866,300</u>
TOTAL NET ASSETS				

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, 2008

	GENERAL INSURANCE FUND	EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND	FLEET MANAGEMENT FUND	TOTALS
<u>OPERATING REVENUES</u>				
Sales and Service Charges	\$ 8,201,803	\$ 6,612,044	\$ 7,598,552	\$ 22,412,399
Employer Contributions	-	5,800,455	-	5,800,455
Employee Contributions	-	4,203,514	-	4,203,514
Other Operating Revenues	-	191,469	-	191,469
TOTAL OPERATING REVENUES	8,201,803	16,807,482	7,598,552	32,607,837
<u>OPERATING EXPENSES</u>				
Operations and Maintenance	5,409,836	-	4,514,989	9,924,825
Administrative and General	634,080	540,711	874,760	2,049,551
Depreciation and Amortization	2,376	3,047	1,936,421	1,941,844
Benefits Paid and Other Expenses	-	16,665,015	-	16,665,015
TOTAL OPERATING EXPENSES	6,046,292	17,208,773	7,326,170	30,581,235
OPERATING INCOME (LOSS)	2,155,511	(401,291)	272,382	2,026,602
<u>NON OPERATING REVENUES</u>				
Interest Income	102,744	38,930	111,440	253,114
Gain on Disposal of Capital Assets	-	-	164,542	164,542
TOTAL NON OPERATING REVENUES	102,744	38,930	275,982	417,656
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,258,255	(362,361)	548,364	2,444,258
Capital Contributions	-	-	110,858	110,858
Transfers Out	(39,804)	(7,407)	(79,554)	(126,765)
CHANGE IN NET ASSETS	2,218,451	(369,768)	579,668	2,428,351
TOTAL NET ASSETS, October 1	896,289	2,932,519	16,609,141	20,437,949
TOTAL NET ASSETS, September 30	\$ 3,114,740	\$ 2,562,751	\$ 17,188,809	\$ 22,866,300

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>GENERAL INSURANCE FUND</u>	<u>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</u>	<u>FLEET MANAGEMENT FUND</u>	<u>TOTALS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers	\$ 8,201,803	\$ 16,648,961	\$ 7,594,513	\$ 32,445,277
Cash Paid to Suppliers	(4,801,887)	(16,999,108)	(4,842,684)	(26,643,679)
Cash Paid to Employees	(876,822)	(198,262)	(473,451)	(1,548,535)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,523,094</u>	<u>(548,409)</u>	<u>2,278,378</u>	<u>4,253,063</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers to Other Funds	(39,804)	(7,407)	(79,554)	(126,765)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Proceeds from Sale of Capital Assets	-	-	164,542	164,542
Acquisition and Construction of Capital Assets	(2,594)	-	(1,374,539)	(1,377,133)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,594)</u>	<u>-</u>	<u>(1,209,997)</u>	<u>(1,212,591)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest Received	102,744	38,930	111,440	253,114
Purchase of Investments	(7,818,048)	(2,792,008)	(7,110,319)	(17,720,375)
Proceeds from Investment Maturities	5,164,531	2,840,199	5,511,478	13,516,208
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,550,773)</u>	<u>87,121</u>	<u>(1,487,401)</u>	<u>(3,951,053)</u>
NET DECREASE IN CASH	(70,077)	(468,695)	(498,574)	(1,037,346)
CASH - OCTOBER 1	<u>2,757,334</u>	<u>1,516,377</u>	<u>2,942,567</u>	<u>7,216,278</u>
CASH - SEPTEMBER 30	<u>\$ 2,687,257</u>	<u>\$ 1,047,682</u>	<u>\$ 2,443,993</u>	<u>\$ 6,178,932</u>

(continued)

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>GENERAL INSURANCE FUND</u>	<u>EMPLOYEES HEALTH AND ACCIDENT BENEFITS FUND</u>	<u>FLEET MANAGEMENT FUND</u>	<u>TOTALS</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
OPERATING INCOME (LOSS)	\$ 2,155,511	\$ (401,291)	\$ 272,382	\$ 2,026,602
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Depreciation and Amortization	2,376	3,047	1,936,421	1,941,844
(Increase)/Decrease in Receivables	-	(158,521)	(4,039)	(162,560)
(Increase)/Decrease in Due from Other Funds	318,560	-	(49,507)	269,053
(Increase)/Decrease in Inventories	-	-	2,786	2,786
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	<u>46,647</u>	<u>8,356</u>	<u>120,335</u>	<u>175,338</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,523,094</u>	<u>\$ (548,409)</u>	<u>\$ 2,278,378</u>	<u>\$ 4,253,063</u>

<u>RECONCILIATION OF CASH TO BALANCE SHEET</u>				
Cash	\$ 2,687,257	\$ 1,047,682	\$ 2,443,993	\$ 6,178,932
Investments	<u>7,818,048</u>	<u>2,792,008</u>	<u>7,110,319</u>	<u>17,720,375</u>
TOTAL CASH AND EQUITY IN POOL PER BALANCE SHEET	<u>\$ 10,505,305</u>	<u>\$ 3,839,690</u>	<u>\$ 9,554,312</u>	<u>\$ 23,899,307</u>

<u>NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES</u>				
Contribution of Capital Assets	\$ -	\$ -	\$ 110,858	\$ 110,858
Change in Fair Value of Investments	(69,667)	(22,605)	(66,578)	(158,850)

(concluded)



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FIDUCIARY FUNDS

TRUST FUNDS

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

The City maintains the following Trust Funds:

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

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

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

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

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OPEB TRUST FUNDS
SEPTEMBER 30, 2008

	EMPLOYEES PENSION FUND	EMPLOYEES DISABILITY PENSION FUND	POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED RETIREMENT FUND	OTHER POST- EMPLOYMENT BENEFITS (OPEB) FUND	<u>TOTALS</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,117,779	\$ 104,006	\$ 2,051,236	\$ 1,600,569	\$ 4,873,590
Equity in Pooled Cash and Investments	1,051,655	1,405,699	3,426,077	-	5,883,431
Investments, at fair value:					
Equities	174,924,140	2,040,575	104,492,325	34,257,610	315,714,650
Real Estate	27,196,604	-	11,785,556	-	38,982,160
Alternative Investments	34,246,334	488,238	28,976,594	5,858,865	69,570,031
Fixed Income:					
Government Bonds	428,301	492,703	606,344	3,641,049	5,168,397
Corporate Bonds	10,035,529	-	8,862,363	-	18,897,892
Mortgage & Asset Backed Securities	2,441,501	-	2,378,687	3,250,706	8,070,894
Total investments, at fair value:	<u>249,272,409</u>	<u>3,021,516</u>	<u>157,101,869</u>	<u>47,008,230</u>	<u>456,404,024</u>
Investment Adjustments:					
Dividends Receivable	80,755	-	65,524	-	146,279
Interest Receivable	193,593	4,006	158,907	47,007	403,513
Receivable for Investments Sold	583,233	-	274,166	-	857,399
Payable for Investments Purchased	(493,334)	-	(405,691)	-	(899,025)
Total investment adjustments	<u>364,247</u>	<u>4,006</u>	<u>92,906</u>	<u>47,007</u>	<u>508,166</u>
Due from Other Funds	<u>350,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,257</u>
TOTAL ASSETS	<u>252,156,347</u>	<u>4,535,227</u>	<u>162,672,088</u>	<u>48,655,806</u>	<u>468,019,468</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	5,142	860	2,428	108	8,538
Due to Other Funds	-	-	-	350,257	350,257
TOTAL LIABILITIES	<u>5,142</u>	<u>860</u>	<u>2,428</u>	<u>350,365</u>	<u>358,795</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS	<u>\$ 252,151,205</u>	<u>\$ 4,534,367</u>	<u>\$ 162,669,660</u>	<u>\$ 48,305,441</u>	<u>\$ 467,660,673</u>

CITY OF GAINESVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OPEB TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	EMPLOYEES PENSION FUND	EMPLOYEES DISABILITY PENSION FUND	POLICE OFFICERS' AND FIREFIGHTERS' CONSOLIDATED RETIREMENT FUND	OTHER POST- EMPLOYMENT BENEFITS (OPEB) FUND	TOTALS
ADDITIONS:					
Contributions:					
Employer Contributions:					
Required	\$ 3,173,929	\$ 503,785	\$ 1,415,225	\$ 2,900,961	\$ 7,993,900
State on Behalf Payments, through General Fund	-	-	1,295,411	-	1,295,411
Total Employer Contributions	3,173,929	503,785	2,710,636	2,900,961	9,289,311
Employee Contributions	5,724,232	-	3,187,375	2,078,499	10,990,106
Total Contributions	8,898,161	503,785	5,898,011	4,979,460	20,279,417
Investment Income (Loss):					
Net Appreciation (Depreciation) in Fair Value of Investments	(49,582,669)	(579,386)	(30,288,534)	(9,826,115)	(90,276,704)
Dividends & Interest	3,998,259	125,595	2,579,742	1,932,305	8,635,901
Total Investment Income (Loss)	(45,584,410)	(453,791)	(27,708,792)	(7,893,810)	(81,640,803)
Less Investment Expense	1,473,789	22,034	1,310,097	370,118	3,176,038
Net Investment Income (Loss)	(47,058,199)	(475,825)	(29,018,889)	(8,263,928)	(84,816,841)
TOTAL ADDITIONS	(38,160,038)	27,960	(23,120,878)	(3,284,468)	(64,537,424)
DEDUCTIONS:					
Benefit Payments	18,250,614	346,874	10,468,458	6,612,043	35,677,989
Refunds of Contributions	233,649	-	245,437	-	479,086
Administrative Expenses	627,426	29,258	285,459	86,753	1,028,896
TOTAL DEDUCTIONS	19,111,689	376,132	10,999,354	6,698,796	37,185,971
CHANGE IN NET ASSETS	(57,271,727)	(348,172)	(34,120,232)	(9,983,264)	(101,723,395)
NET ASSETS - beginning	309,422,932	4,882,539	196,789,892	58,288,705	569,384,068
NET ASSETS - ending	\$ 252,151,205	\$ 4,534,367	\$ 162,669,660	\$ 48,305,441	\$ 467,660,673

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STATISTICAL SECTION SUMMARY

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

<u>Schedules</u>	<u>Page</u>
<u>Financial Trends</u> <i>These schedules provide financial trend information, which shows how the City's financial performance has changed over time.</i>	128
<u>Revenue Capacity</u> <i>These schedules provide additional information about Property Tax and Utility Revenues, the City's most significant local revenue sources.</i>	132
<u>Debt Capacity</u> <i>These schedules provide detailed information about the City's current levels of outstanding debt, and can help the financial statement user assess the City's ability to issue additional debt in the future.</i>	140
<u>Demographic and Economic Information</u> <i>These schedules present demographic and economic indicators to assist the financial statement user in understanding the environment in which the City's financial activities occur.</i>	143
<u>Operating Information</u> <i>These schedules contain service and infrastructure data to help the financial statement user understand how the information in the City's financial statements relates to the services the City provides.</i>	145

Sources:

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



City of Gainesville
Net Assets By Component
Last Seven Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
Invested in capital assets, net of related debt	\$ 65,937,740	\$ 47,854,313	\$ 79,593,219	\$ 82,168,018	\$ 81,644,688	\$ 92,860,038	\$ 96,668,703
Restricted	19,881,956	22,754,050	12,928,276	23,255,620	23,804,426	24,744,773	32,633,862
Unrestricted	16,850,893	39,185,669	19,429,443	(3,020,760)	4,675,292	8,536,785	11,236,904
Total governmental activities net assets	\$ 102,670,589	\$ 109,794,032	\$ 111,950,938	\$ 102,402,878	\$ 110,124,406	\$ 126,141,596	\$ 140,539,469
Business-type activities:							
Invested in capital assets, net of related debt	\$ 267,998,636	\$ 281,117,024	\$ 319,702,835	\$ 322,442,298	\$ 331,146,120	\$ 349,405,887	\$ 355,005,449
Restricted	164,091,715	83,814,681	49,479,733	48,655,890	41,927,823	38,409,591	47,479,252
Unrestricted	5,280,964	8,096,203	17,365,556	15,864,688	12,602,059	21,512,560	30,115,444
Total business-type activities net assets	\$ 437,371,315	\$ 373,027,908	\$ 386,548,124	\$ 386,962,876	\$ 385,676,002	\$ 409,328,038	\$ 432,600,145
Total primary government:							
Invested in capital assets, net of related debt	\$ 333,936,376	\$ 328,971,337	\$ 399,296,054	\$ 404,610,316	\$ 412,790,808	\$ 442,265,925	\$ 451,674,152
Restricted	183,973,671	106,568,731	62,408,009	71,911,510	65,732,249	63,154,364	80,113,114
Unrestricted	22,131,857	47,281,872	36,794,999	12,843,928	17,277,351	30,049,345	41,352,348
Total primary government net assets	\$ 540,041,904	\$ 482,821,940	\$ 498,499,062	\$ 489,365,754	\$ 495,800,408	\$ 535,469,634	\$ 573,139,614

Note: The City began to report accrual information when it implemented GASB 34 in fiscal year 2002.

**City of Gainesville
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)**

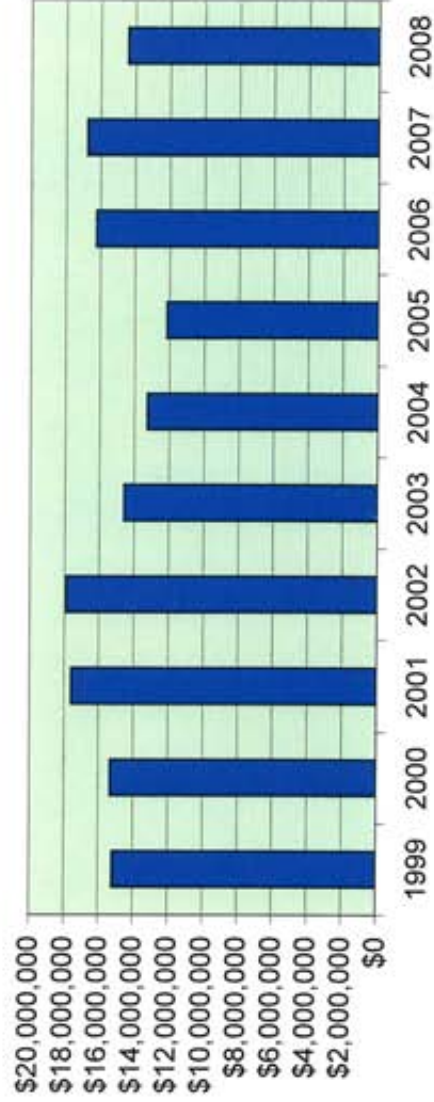
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 17,122,419	\$ 15,061,813	\$ 18,458,043	\$ 23,677,037	\$ 24,048,427	\$ 17,066,712	\$ 19,676,597
Public safety	39,240,517	42,574,106	45,714,000	54,281,144	47,701,143	49,394,763	51,608,781
Physical environment	4,036,034	2,832,078	2,827,492	3,055,388	3,243,727	2,790,089	1,144,211
Transportation	8,846,755	9,358,165	9,548,804	8,548,157	10,506,470	12,220,979	11,787,373
Economic environment	3,127,631	5,135,218	3,583,832	4,616,810	5,787,916	8,492,950	8,118,429
Human services	256,864	1,490,131	1,713,715	1,268,499	1,043,843	284,999	367,706
Culture & recreation	4,247,853	5,317,908	3,669,838	5,641,593	5,916,408	6,527,215	8,784,045
Interest on long-term debt	1,668,424	3,626,965	5,136,385	5,296,200	7,539,632	7,504,485	7,420,509
Total governmental activities expenses	78,546,497	85,396,384	90,652,109	106,384,828	105,787,566	104,282,192	108,907,651
Business-type activities:							
Electric	131,212,687	140,555,094	152,668,644	165,714,007	200,086,670	192,569,894	226,444,987
Gas	14,287,385	20,745,014	22,402,154	25,011,786	30,563,089	27,732,906	29,688,866
Water	13,874,410	14,213,832	15,662,347	16,373,985	18,267,647	18,895,269	21,282,566
Wastewater	17,157,698	17,514,229	17,978,035	20,179,076	22,266,780	22,704,103	26,027,811
GRUCom	6,549,990	6,296,174	6,626,562	7,763,554	8,481,545	8,421,765	10,437,988
Regional transit system	11,636,440	12,833,553	13,946,979	15,407,545	16,521,738	17,282,667	19,234,349
Stormwater management	4,031,510	3,934,824	3,963,762	4,563,029	5,061,984	5,095,939	4,774,960
Ironwood golf course	1,542,185	1,531,655	1,438,628	1,243,518	1,309,847	1,325,727	1,317,753
Florida building code enforcement	-	-	-	-	-	1,783,856	2,025,997
Solid waste	5,204,119	5,703,055	5,595,169	5,441,243	6,635,067	10,009,758	6,993,233
Total business-type activities expenses	205,496,424	223,327,430	240,282,280	261,697,743	309,194,367	305,821,884	348,228,510
Total primary government expenses	\$ 284,042,921	\$ 308,723,814	\$ 330,934,389	\$ 368,082,571	\$ 414,981,933	\$ 410,104,076	\$ 457,136,161
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 4,035,767	\$ 5,212,311	\$ 5,394,342	\$ 6,656,239	\$ 8,120,988	\$ 8,923,828	\$ 9,822,901
Public safety	3,617,700	4,109,925	4,011,789	8,000,564	4,704,098	3,903,871	3,571,167
Other charges for services	2,613,737	2,541,113	2,396,166	3,182,821	3,983,052	4,958,140	4,648,919
Operating grants and contributions	5,301,805	4,681,010	5,951,582	13,058,351	8,097,602	6,109,549	7,606,468
Capital grants and contributions	3,193,076	4,971,251	1,406,477	191,600	1,617,534	8,093,971	6,822,160
Total governmental activities program revenues	18,762,085	21,515,610	19,160,356	31,089,575	26,523,274	31,989,359	32,471,615
Business-type activities:							
Charges for services:							
Electric	147,794,295	154,865,704	159,117,967	174,046,207	207,023,570	206,552,756	238,595,628
Other utilities	51,136,526	56,785,641	65,702,620	65,854,837	78,332,531	85,133,356	94,775,804
Other charges for services	15,295,019	17,798,421	20,313,784	21,373,897	22,639,670	29,289,277	28,055,330
Operating grants and contributions	4,710,372	4,968,210	5,059,409	3,400,623	3,567,605	6,191,062	9,103,954
Capital grants and contributions	9,350,464	5,953,321	7,572,300	9,632,321	9,492,873	15,903,334	5,134,693
Total business-type activities program revenues	228,286,676	240,371,297	257,766,080	274,307,885	321,056,249	343,069,785	375,665,409
Total primary government program revenues	\$ 247,048,761	\$ 261,886,907	\$ 276,926,436	\$ 305,397,460	\$ 347,579,523	\$ 375,059,144	\$ 408,137,024
Net (Expense)/Revenue							
Governmental activities	\$ (59,784,412)	\$ (63,880,774)	\$ (71,491,753)	\$ (75,295,253)	\$ (79,264,292)	\$ (72,292,833)	\$ (76,436,036)
Business-type activities	22,790,252	17,043,867	17,483,800	12,610,142	11,861,882	37,247,901	27,436,899
Total primary government net expense	\$ (36,994,160)	\$ (46,836,907)	\$ (54,007,953)	\$ (62,685,111)	\$ (67,402,410)	\$ (35,044,932)	\$ (48,999,137)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 13,713,591	\$ 16,341,921	\$ 17,983,617	\$ 19,365,334	\$ 22,094,936	\$ 25,974,094	\$ 26,163,266
Other taxes	16,189,171	17,738,773	18,961,421	18,928,506	19,989,122	19,906,074	22,432,162
State revenue sharing	2,809,984	2,825,141	3,367,156	4,117,607	4,258,238	4,190,182	3,919,580
Interest	1,640,420	1,634,773	2,641,812	1,564,126	3,413,776	5,862,894	2,744,915
Other revenues	1,764,678	6,097,543	3,564,261	1,894,572	2,312,756	1,318,358	35,574,006
Total governmental activities	36,117,844	44,638,151	46,518,267	45,870,145	52,068,828	57,251,602	90,833,909
Business-type activities:							
Interest	7,507,294	6,468,299	7,011,499	4,388,999	10,217,610	11,581,622	9,370,421
Other revenues	5,503,688	13,945,313	16,155,309	14,624,051	6,944,982	5,880,934	(13,535,213)
Total business-type activities	13,010,982	20,413,612	23,166,808	19,013,050	17,162,592	17,462,556	(4,164,792)
Total primary government	\$ 49,128,806	\$ 65,051,763	\$ 69,685,075	\$ 64,883,195	\$ 69,231,420	\$ 74,714,158	\$ 86,669,117
Changes in Net Assets (including transfers)							
Governmental activities	\$ 2,454,226	\$ 7,123,443	\$ 2,156,906	\$ (1,189,518)	\$ 3,115,884	\$ 16,017,190	\$ 14,397,873
Business-type activities	9,680,420	11,091,413	13,520,216	3,387,602	(1,286,874)	23,652,036	23,272,107
Total primary government	\$ 12,134,646	\$ 18,214,856	\$ 15,677,122	\$ 2,198,084	\$ 1,829,010	\$ 39,669,226	\$ 37,669,980

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund:										
Reserved	\$14,592,082	\$14,451,177	\$15,479,387	\$17,897,583	\$14,480,596	\$6,519,587	\$4,911,387	\$8,397,572	\$4,925,724	\$4,629,909
Unreserved	584,373	867,787	2,105,507	-	98,216	6,744,693	7,235,562	7,844,042	11,826,843	9,818,911
Total general fund	\$15,176,455	\$15,318,964	\$17,584,894	\$17,897,583	\$14,578,812	\$13,264,280	\$12,146,949	\$16,241,614	\$16,752,567	\$14,448,820
All other governmental funds:										
Reserved	\$4,017,703	\$5,755,542	\$5,041,790	\$5,508,677	\$4,885,383	\$6,765,983	\$4,882,686	\$4,744,154	\$5,215,953	\$8,635,651
Unreserved, reported in:										
Special revenue funds	841,576	1,579,507	1,540,652	4,194,183	7,474,304	4,289,293	8,385,893	14,016,419	17,059,686	19,457,506
Capital projects funds	9,038,884	4,706,396	5,805,338	13,929,199	15,302,299	6,489,093	9,630,545	32,065,513	30,400,097	26,667,704
Debt service funds	511,762	531,376	789,508	567,840	618,571	702,303	356,496	231,073	544,869	784,834
Total all other governmental funds	\$14,409,925	\$12,572,821	\$13,177,288	\$24,199,899	\$28,280,557	\$18,246,672	\$23,255,620	\$51,057,159	\$53,220,605	\$55,545,695

General Fund ~ Fund Balance



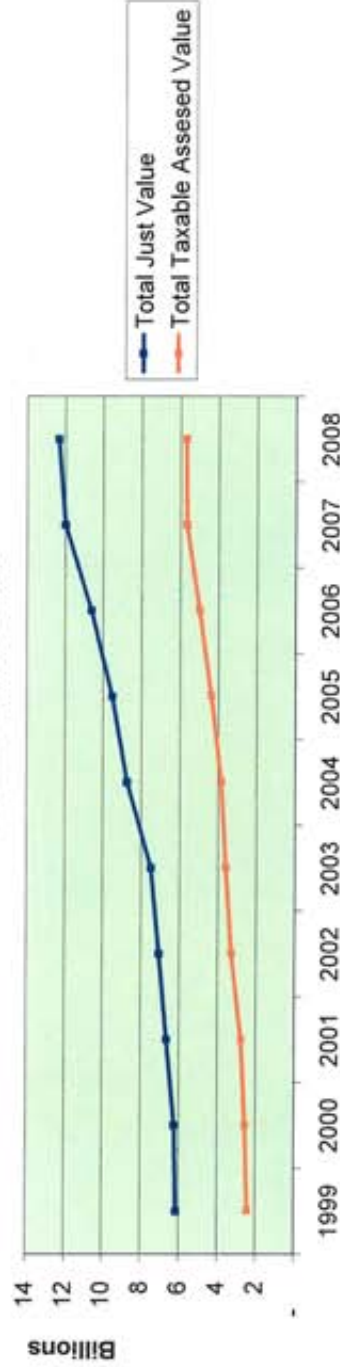
City of Gainesville
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 20,968,492	\$ 22,344,885	\$ 23,447,094	\$ 28,064,616	\$ 32,199,454	\$ 31,303,901	\$ 32,679,841	\$ 35,853,540	\$ 40,954,740	\$ 44,919,849
Licenses and permits	1,470,963	1,545,920	1,859,727	1,787,686	2,018,662	2,426,963	2,896,874	3,073,214	648,571	1,060,465
Intergovernmental	19,729,318	14,858,835	15,770,255	13,822,265	15,234,836	18,272,298	22,974,018	26,284,052	28,253,027	25,763,178
Charges for services	6,195,241	6,220,561	6,479,956	7,207,981	7,874,717	7,814,955	8,856,453	8,755,754	9,285,755	9,380,880
Fines and forfeitures	1,274,854	1,928,495	1,359,332	1,275,135	6,417,778	1,385,684	5,262,937	1,615,725	2,119,270	2,274,774
Miscellaneous	1,833,340	2,716,903	2,981,585	2,902,249	2,607,583	3,960,453	3,291,883	5,186,443	6,875,578	7,227,407
Total revenues	51,472,208	49,615,599	51,897,949	55,059,932	66,353,030	65,164,254	75,962,006	80,768,728	88,136,941	90,626,553
Expenditures										
General government	14,208,661	15,128,422	15,903,772	17,454,860	101,604,577	16,256,847	51,239,460	15,054,459	15,920,764	16,470,644
Public safety	31,742,222	33,603,870	33,221,383	36,154,868	43,502,172	46,561,694	52,511,787	48,188,830	48,197,056	49,867,812
Physical environment	1,776,073	1,859,039	1,996,771	3,057,768	2,630,318	2,707,341	2,454,447	2,783,658	2,853,920	971,472
Transportation	6,184,738	6,724,418	6,326,833	6,909,654	7,544,417	8,138,503	8,771,221	10,128,414	10,993,376	11,590,424
Economic environment	3,749,736	3,404,006	4,070,329	3,324,140	4,537,137	3,513,053	4,414,062	5,530,992	6,009,987	7,634,661
Human services	88,696	70,675	56,616	163,952	1,490,095	1,713,667	1,188,621	1,031,764	336,491	410,920
Culture and recreation	3,579,842	3,745,831	4,133,446	5,021,563	6,376,185	5,755,697	5,483,963	6,117,126	6,206,272	8,165,959
Debt service:										
Principal	2,601,200	1,833,297	1,663,689	2,323,778	2,643,845	3,608,817	4,010,000	6,227,053	6,920,902	7,747,796
Interest	1,742,472	1,501,677	1,477,860	1,575,315	3,615,491	5,015,779	5,255,490	7,422,640	7,442,180	7,336,659
Bond issuance costs	-	-	-	193,773	1,693,031	282,612	628,399	301,727	26,566	-
Capital outlay	1,522,285	5,475,124	6,265,480	6,325,236	6,214,790	10,207,478	5,160,215	5,801,349	13,609,187	12,967,402
Total expenditures	67,195,925	73,346,359	75,116,179	82,504,927	181,851,968	103,761,488	141,117,665	108,588,002	118,516,701	123,163,749
Excess of revenues under expenditures	(15,723,717)	(23,730,760)	(23,218,230)	(27,444,995)	(115,498,938)	(38,597,234)	(65,155,659)	(27,819,274)	(30,379,760)	(32,537,196)
Other Financing Sources (Uses)										
Debt issuance	-	-	2,794,848	9,870,000	89,894,759	9,805,000	40,850,000	25,956,621	1,540,000	-
Bond premium/discount	-	-	-	-	-	728,392	(38,314)	39,188	(13,434)	-
Deposit to refund escrow	-	-	-	-	-	(10,460,858)	-	-	-	-
Transfers in	32,169,060	26,876,868	32,680,313	42,073,750	33,964,439	40,484,406	45,341,847	70,441,342	46,789,277	50,638,004
Transfers out	(10,474,764)	(4,771,131)	(9,386,534)	(16,252,956)	(7,598,373)	(13,308,123)	(17,106,257)	(39,695,572)	(15,261,684)	(18,079,465)
Total other financing sources (uses)	21,694,296	22,105,737	26,088,627	35,690,794	116,260,825	27,248,817	69,047,276	56,741,559	33,054,159	32,558,539
Net change in fund balances	\$ 5,970,579	\$ (1,625,023)	\$ 2,870,397	\$ 8,245,799	\$ 761,887	\$ (11,348,417)	\$ 3,891,617	\$ 28,922,285	\$ 2,674,399	\$ 21,343
Debt service as a percentage of noncapital expenditures	6.61%	4.91%	4.56%	5.37%	4.53%	9.52%	7.28%	13.57%	13.95%	13.99%

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

Fiscal Year Ended September 30,	Just Value				Exemptions				Total Taxable Assessed Value	Total Direct Tax Rate	
	Tax Year	Real Property	Personal Property	Centrally Assessed Property	Governmental	Agricultural	Institutional	Homestead			Other
2000	1999	\$ 4,659,366,900	\$ 1,457,465,429	\$ 1,048,907	\$ 2,785,024,080	\$ 20,564,200	\$ 367,554,285	\$ 545,191,019	\$ 9,099,400	\$ 2,390,448,252	4.9416
2001	2000	4,801,682,500	1,418,616,961	961,366	2,793,826,888	19,109,400	321,344,308	556,556,377	8,711,265	2,521,712,589	4.9416
2002	2001	5,174,110,900	1,458,320,027	853,086	2,975,528,170	29,573,000	312,372,599	571,752,264	8,825,685	2,735,232,295	4.9416
2003	2002	5,583,918,487	1,462,695,450	876,190	2,797,872,400	36,296,700	293,761,160	656,539,633	10,201,087	3,252,819,147	4.9416
2004	2003	5,973,598,600	1,494,298,767	1,442,544	2,796,295,760	36,614,800	341,737,970	721,498,130	11,528,885	3,561,664,366	4.9416
2005	2004	7,244,067,100	1,493,401,961	1,737,804	3,641,123,420	34,963,100	369,084,360	876,134,257	12,690,560	3,805,211,168	4.9416
2006	2005	7,991,469,700	1,523,306,918	1,033,801	3,723,073,730	39,875,900	388,002,325	1,014,315,873	13,456,130	4,337,086,461	4.9355
2007	2006	9,127,221,600	1,475,928,616	1,025,098	3,801,414,175	34,506,400	562,036,537	1,221,910,900	15,135,250	4,969,172,052	4.8509
2008	2007	10,059,735,400	1,931,740,674	1,111,824	4,354,225,897	28,451,900	574,033,101	1,385,629,369	16,885,367	5,633,362,264	4.2544
2009	2008	10,599,500,250	1,732,004,529	1,149,322	4,195,267,980	35,549,700	647,733,978	1,773,574,462	14,341,607	5,666,186,374	4.2544

Just and Taxable Values



Source: Alachua County Property Appraiser

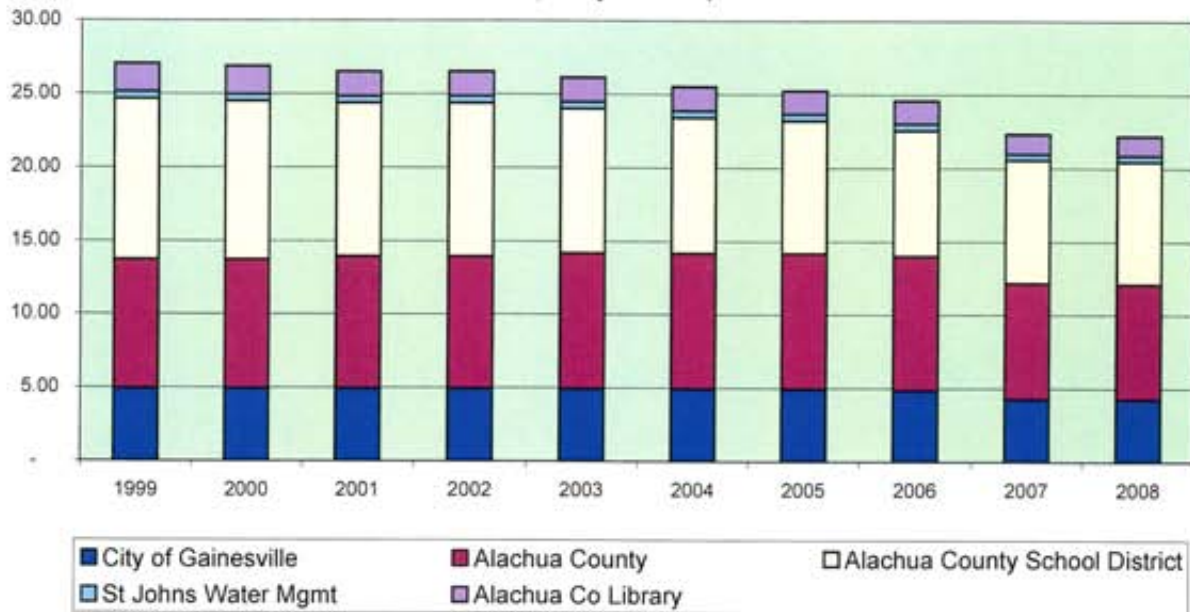
Note: The Property Appraiser assesses the value of property in a manner that does not provide a reasonable basis for estimating the actual value of property.

Exempt property makes up 53% of total assessed value. Disclosing the nature of the exemptions provides more relevant information than detailing real property categories.

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

Fiscal Year	Tax Year	City of Gainesville Direct Rate	Overlapping Rates				Total Direct & Overlapping Rates
			Alachua County	Alachua County School District	St. Johns Water Management District	Alachua County Library District	
2000	1999	4.9416	8.7700	10.9560	0.4820	1.9000	27.0496
2001	2000	4.9416	8.7650	10.8030	0.4720	1.9000	26.8816
2002	2001	4.9416	9.0009	10.4360	0.4620	1.6789	26.5194
2003	2002	4.9416	8.9887	10.4660	0.4620	1.6632	26.8816
2004	2003	4.9416	9.2387	9.8390	0.4620	1.6566	26.1379
2005	2004	4.9416	9.2387	9.2240	0.4620	1.6566	25.5229
2006	2005	4.9355	9.2387	9.0340	0.4620	1.5920	25.2622
2007	2006	4.8509	9.1387	8.5710	0.4620	1.5615	24.5841
2008	2007	4.2544	7.8968	8.3950	0.4158	1.3560	22.3180
2009	2008	4.2544	7.8208	8.3590	0.4158	1.3406	22.1906

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



Source: Alachua County Property Appraiser

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

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

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

	2008			1999		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Oaks Mall Gainesville Ltd Partnership	\$ 137,000,000	1	2.43%	\$ 44,004,900	3	1.97%
HCA Health Services of Florida	62,372,800	2	1.11%	30,505,300	4	1.36%
Oak Hammock at the Univ of Florida	59,947,600	3	1.06%	n/a	n/a	n/a
Bellsouth Telecommunications	55,611,559	4	0.99%	66,028,110	1	2.95%
Florida Power Corp	40,857,502	5	0.73%	44,639,300	2	2.00%
Gainesville Place LLC	34,909,000	6	0.62%	n/a	n/a	n/a
Cox Cable University City, Inc.	34,871,840	7	0.62%	n/a	n/a	n/a
Inland American Lodging, Gvl, LLC	33,533,600	8	0.60%	n/a	n/a	n/a
Anheuser Busch Companies	30,349,070	9	0.54%	n/a	n/a	n/a
Campus Lodge of Gainesville, LTD	30,281,900	10	0.54%	n/a	n/a	n/a
Metal Container Corporation	n/a	n/a	n/a	27,924,220	5	1.25%
North Florida Regional Hospital	n/a	n/a	n/a	17,418,780	6	0.78%
PCR, Inc	n/a	n/a	n/a	10,236,620	7	0.46%
Industrial Plants Corporation	n/a	n/a	n/a	8,232,700	8	0.37%
Melrose Apartments of Gainesville, LLC	n/a	n/a	n/a	8,071,900	9	0.36%
Sears Roebuck & Company	n/a	n/a	n/a	7,974,600	10	0.36%
Total	\$ 519,734,871		9.24%	\$ 265,036,430		11.86%

Source: Alachua County Property Appraiser

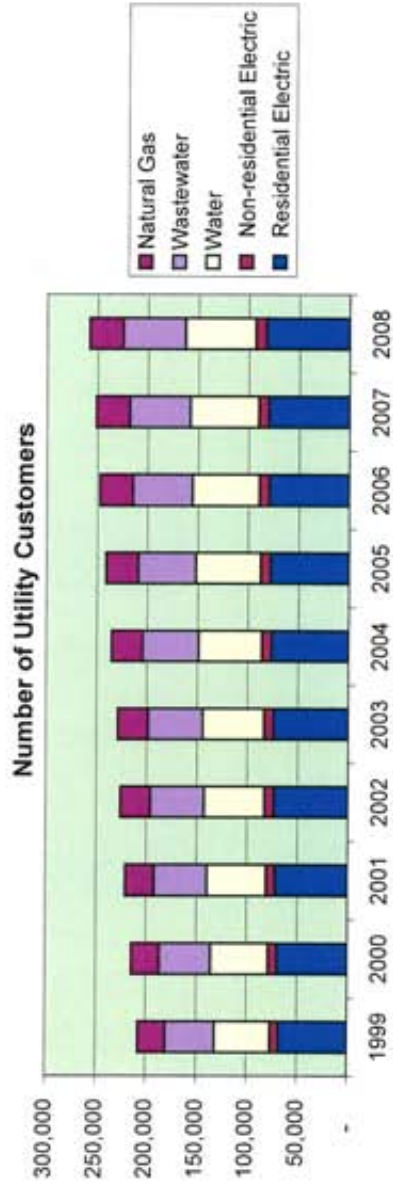
City of Gainesville
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 11,019,120	\$ 10,591,462	96.1%	\$ 59,626	\$ 10,651,088	96.7%
2000	11,777,577	11,335,614	96.2%	48,822	11,384,436	96.7%
2001	12,425,891	11,951,873	96.2%	71,490	12,023,363	96.8%
2002	13,486,756	12,986,510	96.3%	50,665	13,037,175	96.7%
2003	16,052,323	15,460,840	96.3%	54,824	15,515,664	96.7%
2004	17,524,213	16,876,396	96.3%	23,989	16,900,385	96.4%
2005	18,753,650	18,055,672	96.3%	30,565	18,086,237	96.4%
2006	21,250,298	20,448,202	96.2%	22,890	20,471,092	96.3%
2007	24,060,912	23,172,540	96.3%	14,720	23,187,260	96.4%
2008	23,911,595	23,035,894	96.3%	-	23,035,894	96.3%

Source: Alachua County Tax Collector

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of Customers										
Electric:										
Residential Electric	68,130	69,837	71,975	73,522	74,164	76,435	77,918	79,262	80,237	82,399
Non-residential Electric	8,048	8,313	8,574	8,754	8,912	9,203	9,342	9,555	9,675	10,450
Water	55,071	57,228	58,791	60,293	61,015	62,818	64,620	66,405	67,774	69,784
Wastewater	49,024	50,901	52,260	53,419	54,246	55,604	57,166	59,206	60,205	61,552
Natural Gas	27,218	27,922	28,839	29,476	30,200	30,895	31,700	32,520	33,125	33,777
Sales										
Electric (gigawatt hours):										
Residential Electric	765	777	821	808	866	874	875	901	878	829
Non-residential Electric	1,095	1,188	1,359	1,315	1,189	1,147	1,164	981	983	992
Gallons of Water (million gallons)	8,325	8,389	8,469	8,311	7,814	8,401	7,697	8,315	9,053	8,435
Gallons of Wastewater (million gallons)	5,216	5,291	5,486	5,306	5,212	5,421,934	5,322	5,402	6,271	5,229
Therms of Natural Gas (million therms)	20	22	24	21	24	24	22	22	21	21



Source: GRU Annual Reports

**City of Gainesville
Utility Rates
Last Ten Fiscal Years**

		1999	2000	2001	2002	2003
Electric:						
Residential Service						
Customer Charge	per month	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.66	\$ 4.66
Energy Charge ²	per kWh	n/a	n/a	n/a	n/a	n/a
250-750 kWh		0.04980	0.04980	0.05020	0.04613	0.04613
over 750 kWh		0.05440	0.05440	0.05440	0.05576	0.05576
Residential Service - Time of Use						
Customer Charge	per month	8.27	8.27	8.27	7.86	7.86
Energy Charge ²	per kWh					
On-Peak		0.10470	0.10470	0.10520	0.09880	0.09880
Off-Peak		0.03050	0.03050	0.03070	0.02900	0.02900
General Service Non-Demand & Demand < 50 kW						
Customer Charge	per month	9.13	9.13	9.13	8.37	8.37
Energy Charge ²	per kWh					
0-1500 kWh		0.05550	0.05550	0.05550	0.05090	0.05090
over 1500 kWh		n/a	n/a	n/a	0.05770	0.05770
Business Partner Discount Rate		n/a	n/a	n/a	7%	7%
General Service Demand - 50kW < Demand < 1000 kW						
Customer Charge	per month	15.82	15.82	15.82	15.82	15.82
Demand Charge	per kW	4.66	4.66	4.66	5.75	5.75
Energy Charge ²	per kWh	0.03400	0.03400	0.03400	0.02400	0.02400
Business Partner Discount Rate		n/a	n/a	n/a	10%	10%
Large Power Service - Demand > 1000 kW						
Customer Charge	per month	60.84	60.84	60.84	60.84	60.84
Demand Charge	per kW	4.00	4.00	4.00	5.25	5.25
Energy Charge ²	per kWh	0.02710	0.02710	0.02710	0.02350	0.02350
Business Partner Discount Rate		n/a	n/a	n/a	13%	13%
Water:						
Residential Service						
Customer Charge	per month	3.00	3.00	3.00	3.00	3.00
Usage Charge	per kGal					
0 - 9,000		0.99	0.99	0.99	0.98	1.01
9,001 - 24,999		1.29	1.29	1.29	1.29	1.33
Over 25,000		n/a	n/a	2.22	2.22	2.29
Non-Residential Service						
Customer Charge	per month	3.00	3.00	3.00	3.00	3.00
Usage Charge	per kGal	0.99	0.99	0.99	0.98	1.02
Wastewater:						
Residential Service						
Customer Charge	per month	2.11	2.11	2.15	2.22	2.27
Usage Charge	per kGal	2.43	2.43	2.48	2.55	2.61
Natural Gas:						
Residential Service						
Customer Charge	per month	6.36	6.60	6.90	6.90	7.04
Energy Charge ¹	per therm	0.36656	0.38031	0.39742	0.39742	0.40537
MGP	per therm	n/a	n/a	n/a	0.02700	0.03210

Notes:

- 1 Includes \$0.06906 per therm of fuel
- 2 Includes 6.5 mills of fuel

Source: GRU Annual Reports

**City of Gainesville
Utility Rates
Last Ten Fiscal Years**

		2004	2005	2006	2007	2008
Electric:						
Residential Service						
Customer Charge	per month	\$ 4.66	\$ 4.89	\$ 5.17	\$ 5.17	\$ 5.54
Energy Charge ²	per kWh					
		n/a	n/a	n/a	0.02400	0.02500
250-750 kWh		0.04613	0.04613	0.04982	0.05800	0.06500
over 750 kWh		0.05576	0.05966	0.07398	0.08300	0.09700
Residential Service - Time of Use						
Customer Charge	per month	7.86	8.25	8.75	8.75	9.36
Energy Charge ²	per kWh					
On-Peak		0.09880	0.09880	0.12251	0.10280	0.11000
Off-Peak		0.02900	0.03100	0.03351	0.03230	0.03500
General Service Non-Demand & Demand < 50 kW						
Customer Charge	per month	8.37	8.79	15.18	15.18	16.00
Energy Charge ²	per kWh					
0-1500 kWh		0.05090	0.05090	0.05548	0.05548	0.06200
over 1500 kWh		0.05770	0.06087	0.07183	0.07183	0.08000
Business Partner Discount Rate		7%	7%	7%	7%	0%
General Service Demand - 50kW < Demand < 1000 kW						
Customer Charge	per month	15.82	16.61	30.92	30.92	33.00
Demand Charge	per kW	5.75	6.33	7.56	7.56	9.00
Energy Charge ²	per kWh	0.02400	0.02400	0.02633	0.02633	0.02900
Business Partner Discount Rate		10%	10%	10%	10%	0%
Large Power Service - Demand > 1000 kW						
Customer Charge	per month	60.84	63.88	245.05	245.05	265.00
Demand Charge	per kW	5.25	5.85	7.08	7.08	9.00
Energy Charge ²	per kWh	0.02350	0.02350	0.02597	0.02597	0.02700
Business Partner Discount Rate		13%	13%	13%	13%	0%
Water:						
Residential Service						
Customer Charge	per month	3.15	3.53	4.86	4.86	5.35
Usage Charge	per kGal					
0 - 9,000		1.01	1.27	1.42	1.42	1.56
9,001 - 24,999		1.33	1.69	2.35	2.35	2.82
Over 25,000		2.29	2.91	4.04	4.04	4.93
Non-Residential Service						
Customer Charge	per month	3.15	3.53	4.86	4.86	5.35
Usage Charge	per kGal	1.23	1.69	2.35	2.35	2.82
Wastewater:						
Residential Service						
Customer Charge	per month	2.39	2.75	3.52	3.52	4.00
Usage Charge	per kGal	2.75	3.16	3.94	3.94	4.63
Natural Gas:						
Residential Service						
Customer Charge	per month	7.04	7.04	7.04	7.04	7.15
Energy Charge ¹	per therm	0.40537	0.40537	0.40537	0.40537	0.42400
MGP	per therm	0.03210	0.03210	0.03210	0.03210	0.03210

Notes:

- 1 Includes \$0.06906 per therm of fuel
- 2 Includes 6.5 mills of fuel

Source: GRU Annual Reports

**City of Gainesville
Principal Utility Rate Contributors
Current Year and Six Years Ago**

	2008			2003		
	Total Payments	Rank	Percentage of Total Utility Value	Total Payments	Rank	Percentage of Total Utility Value
Alachua County School Board	\$ 5,054,314	1	1.52%	\$ 3,219,818	2	1.40%
City of Gainesville	4,366,918	2	1.31%	3,661,763	1	1.59%
Publix Super Markets Inc	3,428,944	3	1.03%	1,697,009	5	0.74%
VA Medical Center	3,351,540	4	1.01%	1,880,740	4	0.82%
North FL Regional Medical Center	3,026,018	5	0.91%	950,341	9	0.41%
Alachua County Board of County Comm	2,157,617	6	0.65%	1,246,167	6	0.54%
University of Florida	1,968,194	7	0.59%	756,148	10	0.33%
Shands Healthcare	1,903,940	8	0.57%	2,156,127	3	0.94%
Santa Fe Community College	1,662,912	9	0.50%	1,155,988	7	0.50%
Metal Container Corp	1,627,782	10	0.49%	981,502	8	0.43%
Total	\$ 28,548,179		8.58%	\$ 17,705,603		7.70%

Note: 2003 is the first year that this data is available. In future years, this will extend to a ten-year presentation.
2004 was the last year that GRU and GG were recorded individually.

Source: GRU Annual Reports

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

Presented by Governmental and Business-Type Activities

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Total	
	Revenue	Capital	Revenue	Revenue	% of Personal Income		Per Capita	
	Bonds	Leases	Bonds	Notes				
1999	\$ 30,877,220	\$ 996,600	\$ -	\$ 347,020,009	\$ 28,508,000	\$ 407,401,829	15.66%	\$ 4,018
2000	29,062,220	978,304	-	307,624,076	75,109,000	412,773,600	18.24%	4,325
2001	30,237,220	1,294,631	-	298,865,223	99,643,952	430,041,026	18.21%	4,459
2002	37,847,467	1,166,002	-	341,130,721	77,921,952	458,066,142	16.62%	4,118
2003	125,120,811	1,489,009	-	376,436,480	73,625,952	576,672,252	19.11%	4,921
2004	122,036,108	-	-	365,874,265	69,985,702	557,896,075	16.99%	4,738
2005	158,791,270	-	-	354,697,051	96,822,250	610,310,571	17.16%	5,091
2006	174,699,926	2,319,485	942,136	620,165,000	-	798,126,547	21.31%	6,601
2007	169,864,822	1,836,310	879,513	616,050,000	-	788,630,645	20.35%	6,491
2008	162,789,829	1,234,366	808,654	730,495,000	62,000,000	957,327,849	23.75%	7,804

Presented by City Government and Gainesville Regional Utilities (GRU)

Fiscal Year	City Government	Utility (GRU)	Total Primary Government	City Government		Utility (GRU)	
				% of Personal Income	Per Capita	% of Personal Income	Per Customer
				1999	\$ 31,873,820	\$ 375,528,009	\$ 407,401,829
2000	30,040,524	382,733,076	412,773,600	1.33%	315	7.34%	1,740
2001	35,642,803	394,398,223	430,041,026	1.51%	370	7.21%	1,765
2002	42,124,421	415,941,721	458,066,142	1.53%	379	7.16%	1,774
2003	128,720,772	447,951,480	576,672,252	4.26%	1,098	7.32%	1,885
2004	123,147,060	434,749,015	557,896,075	3.75%	1,046	6.37%	1,777
2005	158,791,270	451,519,301	610,310,571	4.47%	1,324	6.16%	1,826
2006	177,961,547	620,165,000	798,126,547	4.75%	1,472	7.92%	2,453
2007	172,580,645	616,050,000	788,630,645	4.45%	1,420	7.51%	2,397
2008	164,832,849	792,495,000	957,327,849	4.09%	1,344	9.12%	2,997

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

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

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

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

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

City of Gainesville
Direct and Overlapping Governmental Activities Debt
As of September 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Alachua County:			
General Obligation Bonds	\$ 7,595,000	44.438%	\$ 3,375,066
Sales Tax Revenue Bonds	92,760,000	44.438%	41,220,693
Commercial Paper Notes Payable	13,300,000	44.438%	5,910,255
Alachua County School Board District			
General Obligation Bonds	24,675,000	44.438%	10,965,078
State Motor Vehicle License Tax Revenue Bonds	6,205,000	44.438%	2,757,378
Certificates of Participation	75,986,000	44.438%	<u>33,766,662</u>
Subtotal, Overlapping Debt			97,995,133
City of Gainesville Governmental Activities Direct Debt			<u>164,832,849</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 262,827,982</u></u>

Notes:

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

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

Sources:

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

City of Gainesville
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	State Guaranteed Entitlement Revenue Bonds					Utilities System Revenue Bonds				
	Guaranteed Entitlement Revenue	Debt Service			Coverage	Utilities Revenues (1)	Less: Operating Expenses (3)	Net Available Revenues	Debt Service	
		Principal	Interest	Coverage					Principal	Interest
1999	\$ 1,100,340	\$ 415,000	\$ 685,198	1.0001	\$ 431,428,628	(2) \$ 100,273,410	331,155,218	\$ 10,165,000	\$ 19,734,917	11.0755
2000	1,100,340	430,000	666,004	1.0040	198,326,204	113,860,710	84,465,494	10,190,000	19,268,515	2.8673
2001	1,100,340	450,000	645,579	1.0043	226,589,270	136,304,479	90,284,791	10,985,000	18,780,188	3.0332
2002	1,100,340	475,000	623,641	1.0015	218,416,063	127,953,800	90,462,263	11,520,000	17,792,587	3.0861
2003	1,100,340	495,000	599,891	1.0050	229,879,820	144,689,344	85,190,476	9,585,000	15,917,972	3.3404
2004	1,100,340	525,000	412,574	1.1736	244,500,436	161,501,757	82,998,679	10,100,000	16,573,276	3.1117
2005	1,100,340	580,000	462,613	1.0554	254,112,058	177,618,895	76,493,163	9,385,000	15,491,978	3.0749
2006	1,100,340	600,000	442,613	1.0554	292,422,154	215,149,976	77,272,178	9,815,000	24,292,669	2.2655
2007	1,100,340	620,000	421,313	1.0567	306,157,366	203,672,075	102,485,291	13,015,000	26,942,796	2.5648
2008	1,100,340	645,000	396,513	1.0565	333,395,183	241,084,088	92,311,095	21,985,000	25,142,033	1.9588

Notes:

- (1) Utilities revenues include electric, gas, water, wastewater and telecommunications charges to customers, other utilities revenues (including fees for connection, installation and backflow prevention), rate stabilization transfers, and interest income (excluding interest income earned on construction funds). Source: GRU Annual Reports
- (2) Includes revenue of \$249,220,553 from leaseback transaction. The coverage ratio excluding the revenue from the leaseback would be 2.42.
- (3) Operating expenses exclude depreciation and debt service charges.

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

CITY OF
GAINESVILLE

every path starts with passion

FLORIDA

**City of Gainesville
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(1) Median Age (Alachua County)	(3) Public School Enrollment (Alachua County)	(4) Unemployment Rate
1999	101,405	\$ 4,925,739,000	\$ 22,821	28.5	28,460	2.20%
2000	95,447	5,238,274,000	23,963	28.5	28,434	3.10%
2001	96,446	5,418,264,000	24,475	29.0	28,488	3.30%
2002	111,224	5,519,952,000	24,635	29.0	28,492	3.90%
2003	117,182	5,672,386,000	25,109	29.0	28,135	3.80%
2004	117,754	6,444,881,000	28,216	29.3	28,086	3.30%
2005	119,889	6,972,918,000	30,073	29.4	28,043	3.00%
2006	120,919	7,438,873,000	31,391	29.2	28,118	2.80%
2007	121,497	N/A	N/A	29.3	27,535	3.00%
2008	122,671	N/A	N/A	29.3	28,198	4.90%

Sources:

(1) The Population and Median Age of Gainesville were obtained from the University of Florida Bureau of Economic and Business Research

(2) Total Personal Income and Per Capita Personal Income amounts obtained from Florida Research and Economic Database

(3) Public School Enrollment information obtained from Alachua County School Board

(4) Unemployment Rates obtained from the United States Department of Labor

Personal Income and Per Capita Personal Income were not available for 2007 and 2008

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

Employer	2008			1999		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Florida	14,723	1	11.63%	12,086	1	12.25%
Shands Hospital	12,588	2	9.95%	6,508	2	6.60%
VA Hospital	4,317	3	3.41%	1,700	7	1.72%
Alachua County School Board	4,299	4	3.40%	4,067	3	4.12%
City of Gainesville	2,200	5	1.74%	1,854	5	1.88%
Publix Supermarkets	2,056	6	1.62%	1,743	6	1.77%
North Florida Regional Medical Ctr.	1,700	7	1.34%	1,605	8	1.63%
Nationwide Insurance	1,300	8	1.03%	900	10	0.91%
Alachua County	1,120	9	0.89%	n/a	n/a	n/a
Santa Fe Community College	796	10	0.63%	1,560	9	1.58%
Florida Dept. Of Children & Family	n/a	n/a	n/a	2,280	4	2.31%
Total	45,099		35.64%	34,303		34.77%

Source: Gainesville Council for Economic Research

Note:

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Charter Offices:										
City Commission	5.00	5.00	5.00	5.00	7.00	7.00	7.00	7.00	7.00	7.00
City Manager's Office	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Assistant City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
City Attorney's Office	13.00	13.00	14.00	13.00	13.00	13.00	14.50	16.00	16.00	16.00
City Auditor's Office	4.50	4.50	4.50	4.50	4.50	4.50	5.50	5.50	5.50	5.50
Clerk of the Commission	9.50	9.50	9.50	9.50	9.50	9.50	8.00	8.00	8.00	8.00
Equal Opportunity Office	2.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00	6.00	6.00
General Government:										
Administrative Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	5.00	4.50	4.50
Budget & Finance	-	-	-	-	-	-	-	49.00	45.50	45.50
Finance	45.50	45.50	44.00	46.00	44.50	45.50	45.50	-	-	-
Office of Management and Budget	8.00	7.50	7.50	7.50	7.50	7.50	7.50	-	-	-
Computer Services	14.00	14.00	14.00	14.00	16.00	16.00	16.00	18.00	18.00	18.00
Risk Management	10.00	10.00	11.00	10.00	11.00	11.00	13.00	15.00	15.00	15.00
Human Resources	21.50	21.00	21.00	23.00	21.50	21.50	21.50	19.00	19.00	19.00
Communications and Marketing	-	-	-	-	-	-	-	7.00	7.00	7.00
Public Safety:										
Police										
Officers	252.00	240.00	237.00	273.00	273.00	278.00	278.00	284.00	284.00	284.00
Civilians	138.00	94.00	90.00	89.00	70.00	80.00	73.00	90.00	88.00	94.00
Fire Rescue										
Officers	141.00	141.00	141.00	142.00	142.00	141.00	143.00	144.00	144.00	144.00
Civilians	9.00	7.50	7.50	8.00	8.00	10.00	8.00	10.00	10.00	10.00
Physical Environment:										
Building Inspection	16.00	16.00	17.00	17.00	20.00	20.00	20.00	-	-	-
Facilities Management	31.00	29.00	30.00	30.00	28.00	28.00	28.00	-	-	-
Public Works	137.75	333.50	137.75	136.25	147.25	147.25	158.75	161.75	163.75	163.75
Community Development	49.00	54.00	54.50	54.50	57.50	57.50	59.00	82.50	-	-
Planning & Development Services	-	-	-	-	-	-	-	-	45.50	46.50
Codes Enforcement	-	-	-	-	-	-	-	-	19.00	19.00
Transportation:										
Regional Transit System	116.00	142.00	177.00	176.00	212.00	212.00	219.50	232.00	232.00	235.00
General Services	-	-	-	-	-	-	-	53.00	52.00	52.00
Fleet Management	35.00	30.00	30.00	30.00	30.00	30.00	30.00	-	-	-
Economic Environment:										
Economic Development	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	-
Small Business Development	-	-	2.00	2.00	2.00	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	8.00	8.00
Community Development Block Grant	-	-	-	-	-	-	-	-	4.00	4.00
Community Redevelopment Agency	-	-	-	-	-	-	-	-	-	8.00
Culture & Recreation:										
Parks, Recreation and Cultural Affairs	-	-	-	-	-	-	-	108.125	103.125	103.00
Cultural Affairs	12.50	12.50	14.00	13.50	16.50	16.50	14.875	-	-	-
Recreation & Parks	92.00	93.00	95.00	94.75	94.00	94.00	87.25	-	-	-
General Manager for Utilities	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Information for all depts except Police and Fire Rescue obtained from Budget Division.
Police and Fire Rescue employment information obtained from the departments directly.

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

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

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Fire & EMS						
Total fire incidents per 1,000 population served	2.84	2.52	1.70	1.15	33.78	29.90
Total non-fire incidents per 1,000 population served	n/a	83.16	96.93	84.65	81.10	90.12
Total arson incidents per 10,000 population served	1.01	1.42	0.92	0.66	0.41	1.46
% of fire calls with a response time of 8 min or less	73.0%	81.0%	77.1%	72.4%	91.0%	85.0%
% of fire calls with a response time of 4 min or less	n/a	n/a	38.0%	41.0%	41.0%	42.0%
% of EMS calls with a response time of 4 min or less	n/a	n/a	45.0%	46.0%	48.0%	48.0%
Fleet						
Average age of police vehicles (months)	51	37	43	40	52	56
Average age of fire apparatus (months)	72	45	57	91	88	81
Hours billed as a percentage of hours available	60.2%	62.7%	n/a	82.9%	82.4%	79.1%
No. of work orders completed - police vehicles	1,201	1,644	n/a	n/a	1,106	1,697
No. of work orders completed - fire apparatus	261	303	n/a	n/a	164	170
Total vehicle and heavy equipment work orders	9,143	8,279	n/a	8,025	8,814	8,025
Highway and Road Maintenance						
Number of potholes repaired	22,263	18,076	22,445	17,848	23,062	14,335
% lane miles assessed as satisfactory or better	n/a	94.0%	69.9%	88.0%	70.0%	66.0%
Number of linear miles swept	11,387	16,049	17,136	16,073	20,319	19,293
Housing						
# of homes purchased or constructed	44	19	25	6	31	30
Number of properties rehabilitated	n/a	n/a	50	66	58	68
Number of families served through housing programs	n/a	n/a	658	697	978	784
Police						
Police 911 calls received	n/a	143,464	144,279	119,090	124,138	124,955
UCR Part I violent crimes reported per 1,000 pop	8.12	7.52	8.29	8.62	9.43	8.46
% of UCR Part I violent crimes cleared	40.06%	46.73%	39.96%	54.03%	43.72%	56.41%
UCR Part I property crimes reported per 1,000 pop	43.45	42.40	41.39	57.77	49.78	47.11
% of UCR Part I property crimes cleared	14.02%	18.65%	16.83%	20.53%	19.00%	23.56%
Injury-producing traffic accidents per 1,000 pop	11.07	18.62	7.47	27.33	5.89	5.35
Traffic fatalities per 1,000 population	0.07	0.03	0.07	0.03	0.15	0.05
Moving violation citations issued per 1,000 pop	202.22	206.21	199.29	168.82	219.08	233.25
DUI arrests per 1,000 population	1.53	1.98	2.64	1.58	2.06	2.96
Purchasing						
Dollar amount of purchasing card expenditures	n/a	n/a	\$2,612,506	\$2,824,290	\$2,731,400	\$4,049,230
Number of purchasing card transactions	n/a	n/a	16,500	17,442	15,575	17,008
Average number of days for a formal bid process	n/a	44	44	45	45	45
Refuse & Recycling						
Avg # accounts served per on-route hour	133	130	99	150	139	133
Tons of refuse collected & disposed	21,441	55,536	20,266	18,000	20,423	19,720
Tons yard waste collected & composted ²	4,627	7,984	9,000	11,280	4,604	8,494
Tons recycling materials collected	4,749	5,311	n/a	6,000	4,783	4,693
Complaints per 1,000 accounts	66	77	84	137	135	93
Utility						
Residential customers - Electric	74,164	76,435	77,918	79,125	80,237	82,399
Commercial & industrial - Electric	8,912	9,203	9,342	9,538	9,675	10,450
Customers - Natural Gas	30,206	30,901	31,704	32,522	33,125	33,777
Customers - Water	61,078	62,890	64,692	66,475	67,774	69,784
Customers - Wastewater	54,310	55,821	57,553	59,206	60,205	61,552

Sources:

Gainesville Regional Utilities Annual Report; ICMA Center for Performance Measurement

Note:

¹ GASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported.

² As of 2008 the yard trash situation has changed; it all still gets reused, but much of it becomes boiler fuel instead of being composted now. It depends on the markets for composted materials vs. boiler fuel.

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Fire & EMS						
Total number of fire apparatus	13	12	12	13	13	13
Average age of fire apparatus (in months)	72	45	61	91	89	81
Average annual mileage per fire apparatus	n/a	n/a	9,794	7,673	8,337	8,839
Number of fire stations	7	7	7	7	7	7
Fleet						
Light vehicles:						
Number	583	1,218	1,279	591	543	549
Number using alternative fuel	-	3	5	6	4	4
Average age (in months)	62	n/a	81	92	44	52
Medium-duty vehicles:						
Number	39	63	65	48	36	36
Average age (in months)	49	62	81	87	112	87
Heavy-duty vehicles:						
Number	137	174	164	126	48	36
Average age (in months)	83	38	53	93	108	101
Heavy equipment:						
Number	81	14	14	12	11	11
Average age (in months)	130	56	68	132	142	67
Highway and Road Maintenance						
Total paved lane miles maintained	1,473	1,473	1,473	1,473	779	779
Number of traffic signals	n/a	3,970	4,004	4,049	4,275	4,495
Parks and Recreation						
Park acres per 1,000 population	21.17	21.36	20.94	20.77	20.68	20.37
Total park acres	2,481	2,515	2,511	2,512	2,512	2,024
Recreation/community centers	8	8	8	8	8	8
Athletic fields	37	32	37	37	37	35
Play structures	78	80	78	89	93	112
Tennis courts	22	22	23	23	23	23
Basketball courts	24	24	24	24	24	23
Swimming pools	3	3	3	3	3	3
Miles of bike, walking, and hiking trails	23.7	23.7	24.7	24.7	24.7	30.6
Police						
Number of police vehicles - marked	208	285	244	244	223	201
Average age of police vehicles (in months)	51	37	44	40	52	56
Average annual mileage per police vehicle	n/a	n/a	11,297	11,000	10,554	6,856
Regional Transit System						
Number of buses	105	105	104	113	107	110
Number of buses using alternative fuel	n/a	2	2	2	2	2
Average age of buses (in months)	n/a	137	125	126	125	118
Electricity						
Combined system net capability (megawatts)	611	612	611	611	611	611
Distribution - overhead (circuit miles)	611	597	594	595	589	583
Distribution - underground (circuit miles)	719	743	753	772	798	814
Distribution substations	9	9	9	9	10	10
Natural Gas						
Distribution mains (miles)	637	641	692	713	723	731
Delivery points	5	5	5	6	6	6

(CONTINUED)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Water						
Treatment capacity (peak - million gallons/day)	54	54	54	54	54	54
Storage capacity (million gallons)	19.5	19.5	19.5	19.5	19.5	19.5
Distribution mains (miles)	1,003	1,029	1,034	1,051	1,069	1,095
Supply wells	15	15	15	15	16	16
Wastewater						
Gravity mains (miles)	553	567	568	568	568	607
Force mains (miles)	126	127	127	127	127	133
Lift stations	156	152	154	154	154	165
Treatment capacity (million gallons per day)	22.4	22.4	22.4	22.4	22.4	22.4
GRUCom						
Fiber optic cable (miles)	234	259	268	275	301	318
Maximum bandwidth (2.5 gigabits/second)	OC-48	OC-48	OC-48	OC-48	OC-48	OC-48
On-net locations	248	266	302	343	363	436

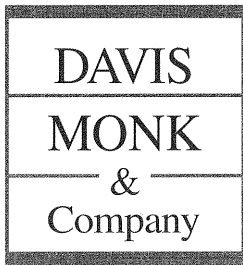
Sources:

Gainesville Regional Utilities Annual Report
 ICMA Center for Performance Measurement

Note:

GRASB Statement 44 was implemented in fiscal year 2005, in future years, additional years will be reported, cumulating in a ten year presentation.

(CONCLUDED)



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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, 2008, and have issued our report thereon dated March 13, 2009. Our report on the basic financial statements included references to the report of other auditors who issued separate communications relative to Gainesville Regional Utilities. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

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

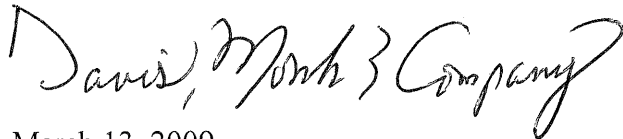
- As required by the Rules of the Auditor General, we determined that the annual financial report for the City, for the fiscal year ended September 30, 2008, was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit 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*. We determined that the City has not met one or more of the conditions described in that section that are indicative of a state of financial emergency.
- As required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

- As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal noncompliance with the provisions of Section 218.415, Florida Statutes.
- The Rules of the Auditor General stipulate that auditors should review the status of prior-audit findings. In that regard, there were no prior audit findings.

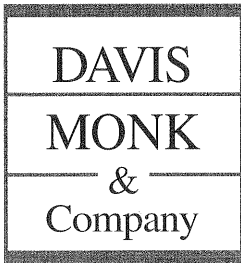
Following this letter are our reports on internal control and compliance relative to financial reporting and financial assistance programs. Also, other auditors have issued separate communications relative to Gainesville Regional Utilities. The comments in those documents should be considered in conjunction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

This management letter is intended solely for the information and use of the Honorable Mayor and City Commissioners, 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.



March 13, 2009
Gainesville, Florida



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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards**

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have audited 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, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other auditors noted certain matters that they reported to management of GRU in separate communications dated February 10, 2009.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, 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 cursive script that reads "Davis, Monk & Company".

March 13, 2009
Gainesville, Florida

**Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2008
City of Gainesville, Florida**

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract/Grant No.</u>	<u>Expenditures</u>	<u>Program Total</u>
<u>US DEPARTMENT OF EDUCATION</u>				
Passed Through Florida Dept of Education via School Board of Alachua County 21st Century Community Learning Center	84.287	010-2447A-7CCC1	\$ 215,859	
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
Community Development Block Grant-Entitlement Program	14.218	B-05/06/07-MC-12-007	1,227,324	
Supportive Housing Program-MHP	14.235	FL29B40(B70)-8004	79,980	
Supportive Housing Program-VETSPACE	14.235	FL29B40(B70)-8003	103,152	\$ 183,132
HOME Investment Partnership Grant	14.239	M-05/06/07-MC-12-0206	1,256,532	
Economic Development-SE 12th Street	14.246	B-03-SP-FL-0140	6,954	
Depot Park Trail Project	14.251	B-05-SP-FL-0422	27,087	
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Internet Crimes Against Children	16.543	2004MCCXK002	241,812	
COPS Universal Hiring	16.710	2003UMWX0023	33,033	
Preventing Violence Against Women	16.710	2007WEAX0054	135,362	
COPS-05 Technology Grant	16.710	2005CKWX0266	20,630	
COPS-06 Technology Grant	16.710	2006CKWX0233	31,720	
Crime Prevention Education & Technology Enhancement	16.710	2006DJBX0765	3,683	224,428
Federal Equitable Sharing Proceeds	16.XXX	N/A	1,709,928	
JAG/Edward Byrne Memorial Justice Grant	16.732	2007-DJ-BX-1119	46,000	
Passed Through Florida Department of Law Enforcement:				
Tutorial Assistance for At-Risk Youth Program	16.738	2008-JAGC-ALAC-2-Q9-175	27,250	
JAG/Sexual Predator and Offender Tracking Program	16.738	2008-JAGC-ALAC-5-Q9-120	20,329	
GPD Mobile Safe-T Kiosk	16.738	2008-JAGC-ALAC-3-Q9-176	14,507	108,086
Project Safe Neighborhood/ Prevent Youth Firearm Violence	16.609	2005-CJ-7L-03-11-02-007	37,621	
Project Safe Neighborhood/ Violent Crime Task Force	16.609	2008-PNGV-ALAC-1-RD-001	39,273	76,894
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Federal Transit Administration:				
Multimodal Transportation Center	20.500	FL-03-0246-02	48,411	
Bus Replacement	20.500	FL-04-0006-00	1,458,586	
2004 Section 5309 - Bus Replacement	20.500	FL-03-0315-00	90,214	
2005 Section 5309 Grant	20.500	FL-03-0278-01	6,757	
2006 Section 5309 Grant	20.500	FL-00-0011-00	9,453	1,613,421
2005 Urbanized Formula Grant	20.507	FL-90-X536-00	3,340	
2006 Urbanized Formula Grant	20.507	FL-90-X572-01	2,520,640	
2007 Urbanized Formula Grant	20.507	FL-90-X624-00	1,066,926	
2008 Urbanized Formula Grant	20.507	FL-90-X655-00	1,400,000	4,990,906
Passed Through Florida Department of Transportation				
LAPA/Enhancement of Depot Road	20.205	420537-1-38-01/088849/07	331,837	
LAPA/NE 25th St & NE 19th Drive	20.205	420541-2-38-01 & 420541-2-58-01	5,846	
LAPA/NE 19th St & NE 19th Terrace	20.205	420541-1-38-01 & 420541-1-58-01	3,006	
LAPA/Building Access Improvements-NW 53rd Ave at Main Street	20.205	211378-1-58-01/088796/06	48,300	388,989
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed Through Florida Department of Environmental Protection:				
RTP - Depot Park Trail	20.219	T26016	3,884	
Revitalizing the Sweetwater - Phase 1	66.460	G0181	12,554	
Duval Neighborhood Stormwater Park - Phase 1	66.460	G0180	6,473	19,027
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Passed Through Florida Department of Community Affairs:				
FEMA/FPA/Tropical Storm Fay	97.036	n/a	1,172,167	
2005 State Homeland Security/Haz Materials/WMD Response Teams	97.073	FM235	323	
2006-2007 SHSGP	97.073	07DS-5N-13-00-16-217	19,590	19,913
Buffer Zone Protection Program	97.078	2007-BZPP-ALAC-1-N5-038	50,000	
Passed Through Florida Division of Emergency Management:				
FEMA-HMGP Booker T Washington Subdivision Drainage	97.039	FM-1561-101-R/07HM-6@03-11-02-060	10,271	
FEMA-HMGP SW 8th Drive Kirkwood Drainage	97.039	FM-1561-45-R/07HM-6@03-11-02-045	2,290	
FEMA-HMGP SW 34th Street Industrial Park Drainage	97.039	FM-1561-102-R/07HM-6@03-11-02-0261	11,707	
FEMA-HMGP Clear Lake Lift Station Rehabilitation Drainage	97.039	FM-1561-118-R/08HM-3G-03-11-02-020	7,635	
FEMA-HMGP Police Headquarters Building Wind Retrofit	97.039	FM-1546-69-R/07HM-4@03-11-02-059	288	
FEMA-HMGP Public Works Center Building A Wind Retrofit	97.039	FM-1545-49-R/07HM-4@03-11-02-058	1,249	
FEMA-HMGP Fire Station 7 Wind Retrofit	97.039	FM-1561-152-R/08HM-3G-03-11-02-046	351	33,791
FY 06 Assistance to Firefighters Grant	97.044	EMW 2006-FG-09630	214,920	
State Homeland Security Grant Program - Issue 21	97.067	08-DS-14-03-11-02-234	38,315	
<u>NATIONAL ENDOWMENT TO THE HUMANITIES</u>				
Passed Through Florida Humanities Council:				
Florida American Heritage River: The Art of the St. Johns Region	45.164	0307-3296-1956	7,034	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 13,830,403	

**Schedule of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2008
City of Gainesville, Florida**

<u>State Grantor/ Program Title</u>	<u>State CSFA Number</u>	<u>Contract/Grant No.</u>	<u>Expenditures</u>	<u>Program Total</u>
<u>DEPARTMENT OF STATE</u>				
Local Arts Agency Grant-2006/2007	45.005	07-8023	\$ 2,257	
Local Arts Agency Grant-2007/2008	45.005	08-8023	16,084	\$ 18,341
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>				
SHIP 2005/2006	52.901	N/A	457,434	
SHIP 2006/2007	52.901	N/A	1,102,630	1,560,064
FEMA/FPA/Tropical Storm Fay	52.XXX	N/A	195,361	
Florida Communities Trust-Hogtown Headwaters	52.002	06-095-FF6	3,600,000	
<u>DEPARTMENT OF TRANSPORTATION</u>				
Public Transit Block Grant Operating Assistance 2007/2008	55.010	AON71 / FIN 41175718408	1,361,840	
SDG Implementation & Marketing RTS Projects	55.012	AOC36 / FIN 41117748401	8,309	
Transportation Regional Incentive Program	55.026	423306-1-58-01 & 423306-3-58-01	147,974	
<u>DEPARTMENT OF HEALTH</u>				
EMS FY 05-06 Trust Fund Pass through from County	64.005	N/A	11,646	
EMS 2003-2004 Pass through from County	64.005	N/A	872	
EMS 2004-2005 Pass through from County	64.005	N/A	416	
EMS 2007-2008 Pass through from County	64.005	N/A	19,476	32,410
<u>DEPARTMENT OF ELDER AFFAIRS</u>				
Promote Alachua County Senior Recreation Center	65.012	N/A	4,000	
<u>TOTAL EXPENDITURES OF STATE AWARDS</u>			<u>\$ 6,928,299</u>	

**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2008
City of Gainesville, Florida**

Note 1. Basis of Presentation

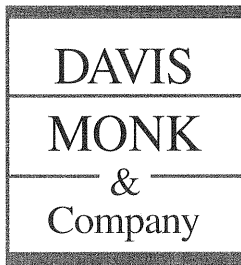
The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Gainesville, Florida and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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>	Federal CFDA	
	<u>Number</u>	<u>Amount</u>
Community Development Block Grant	14.218	\$ 233,095
HOME Investment Partnership Grant	14.239	309,002

The City did not provide state awards to subrecipients.



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**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 State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The City's major federal programs and major state project 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 its major state project 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 its major state project for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2009. 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.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, 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.

Handwritten signature in cursive script that reads "Davis, Mark } Company".

March 13, 2009
Gainesville, Florida

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2008
City of Gainesville, Florida**

Part I - Summary of Auditors' Results

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

<u>Federal Program</u>	<u>CFDA No.</u>
HOME Investment Partnership Grant	14.239
Community Development Block Grant	14.218
Federal Equitable Sharing Proceeds	16.XXX
FEMA/TS Fay	97.036
<u>State Projects</u>	<u>CSFA No.</u>
Florida Forever Act – Hogtown Headwaters	52.002

8. A threshold of \$414,912 was used to distinguish between Type A and Type B programs for federal programs, and \$300,000 was used for state projects.
9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II - Financial Statement Findings

No matters are reportable.

Part III – Findings and Questioned Costs – Federal Programs

No matters are reportable.

Part IV – Findings and Questioned Costs – State Programs

No matters are reportable.

Schedule of and Response to Prior Year Audit Findings

We are pleased to report that in connection with our September 30, 2007 financial statement audit and single audit, our external auditors listed no findings. Therefore, there was no plan required for corrective action and no discussion of current status is necessary.

Response to Current Year Audit Findings and Corrective Action Plan

We are pleased to report that in connection with our September 30, 2008 financial statement audit and single audit, our external auditors listed no findings. Therefore, there is currently no plan required for corrective action.

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

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

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

We have audited the financial statements of Gainesville Regional Utilities (a department of the City of Gainesville, Florida) as of and for the year ended September 30, 2008, and have issued our report thereon dated February 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gainesville Regional Utilities' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gainesville Regional Utilities' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gainesville Regional Utilities' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We also noted certain additional matters that we reported to management of Gainesville Regional Utilities in a separate letter dated February 10, 2009.

This report is intended solely for the information and use of the City Commission and management and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

February 10, 2009

**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 or the Utility) as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GRU's internal control. Accordingly, we do not express an opinion on the effectiveness of GRU's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted the following control deficiencies (as described above) and other matters:

Current Year Recommendations**Accrued Payroll**

GRU has not recorded a payroll accrual in prior years, but has consistently recorded 26 pay periods in each year. However, due to the amount of days to be accrued at the end of September 30, 2008 compared to that at September 30, 2007, the difference resulted in an audit difference. We recommend that management consistently record a payroll accrual as a top side entry to the financial statements to accurately reflect payroll expense for the period.

Management Response:

Management agrees with this recommendation. An accrual was recorded as of September 30, 2008 for the resulting difference. Procedures are in place to record a full payroll accrual beginning in FY2009.

Accounts Receivable Credit Balances

During our review of credit balances in accounts receivable at year-end, we noted certain large credit balances due to payments received from developers with no related accounts receivable balances recorded until subsequent to September 30, 2008. This resulted in an audit difference to properly record the accounts receivable and related revenue in the proper period. We recommend that management review significant credit balances in accounts receivable during the financial statement close process to determine proper cut-off and appropriateness of balances.

Management Response:

Management agrees with this recommendation. The New Services department is aware of the need to record receivables timely, and is implementing procedures to ensure this is done appropriately in the future. Additionally, significant credit balances will be reviewed prior to fiscal year close process.

Prior Year Recommendations**Accrual of Liabilities**

During the performance of our audit procedures, we noted during the search for unrecorded liabilities that three invoices totaling approximately \$5,457,000 related to the current fiscal year should have been accrued. We recommend that the process for determining accruals during the close process be improved with a more thorough review of accruals so that accounting for such items are consistent. Inconsistency with the process could expose GRU to a misstatement in the financial statements because of inconsistent application of policies.

Management's Response:

Management agrees with the recommendation. The invoice accrual process has been revised to include additional procedures. An additional level of oversight has been added to ensure that invoices are properly accrued.

Current Year Update

Additional procedures and oversight have been implemented to ensure all liabilities are properly accrued. However, during the performance of our audit procedures, we noted certain liabilities that were not properly accrued. The differences noted do not cause a material impact to the financial statements, and therefore, the differences indicate that there remains a control deficiency in the accrual of liabilities; however, this control deficiency does not rise to the level of a significant deficiency or material weakness as described above. We recommend that management continue to improve the review of accruals by reviewing all open invoices and those received subsequent to year-end.

Current Year Management Response:

The invoice accrual process is a very manual process. Management designed processes to identify unrecorded invoices at various levels depending on each stage of the closing process. Management will work closely with the audit team to determine what the appropriate levels should be in the future. We also anticipate this process to be less burdensome with the new financial system implementation.



This communication 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.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst + Young LLP

February 10, 2009

