

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 10, 2024

NEW ISSUE – BOOK-ENTRY ONLY

RATING

Moody’s: “Aa2”

S&P: “AA”

(See “MISCELLANEOUS – Ratings”)

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder of the Series 2024 Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. See “TAX MATTERS” herein.



GAINESVILLE

\$72,360,000*

**CITY OF GAINESVILLE, GEORGIA
Water and Sewerage Revenue Bonds,
Series 2024**

Dated: Date of Issuance

Due: November 15, as shown on inside cover

The City of Gainesville, Georgia (the “City”) is issuing its Water and Sewerage Revenue Bonds, Series 2024 (the “Series 2024 Bonds”) for the purpose of (a) making certain improvements to the City’s water and sewerage system (the “System”), (b) refunding the City’s Water and Sewerage Refunding Revenue Bonds, Series 2014 maturing on and after November 15, 2025 (the “Refunded Bonds”) and (c) paying the costs of issuing the Series 2024 Bonds. See “PLAN OF FINANCING” herein.

The Series 2024 Bonds are special limited obligations of the City and are secured by and payable solely from a first lien on and pledge of the Net Revenues (as defined herein) of the System and will be issued on a parity as to lien on Net Revenues with the City’s Water and Sewerage Refunding Revenue Bonds, Series 2014 maturing November 15, 2024. The Series 2024 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, on any other property of the City. No owner of the Series 2024 Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the same or the interest thereon. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” herein.

Interest on the Series 2024 Bonds is payable semiannually on May 15 and November 15 of each year (each such date, an “Interest Payment Date”), commencing May 15, 2025, by Regions Bank, Atlanta, Georgia, as Paying Agent and Bond Registrar. The Series 2024 Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. See “DESCRIPTION OF THE SERIES 2024 BONDS – Terms” herein.

The Series 2024 Bonds will be issued in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC” or the “Securities Depository”). The Securities Depository will act as securities depository for the Series 2024 Bonds. Purchases will be made only through Participants (as defined herein) in the Securities Depository, and no physical delivery of the Series 2024 Bonds will be made to Beneficial Owners (as defined herein). Payment of the principal of and interest on the Series 2024 Bonds will be made by the Paying Agent directly to the Securities Depository and will subsequently be disbursed to Participants and thereafter to Beneficial Owners. Registrations of transfers and exchanges will be made in accordance with the rules of the Securities Depository. See “DESCRIPTION OF THE SERIES 2024 BONDS - Book -Entry System of Registration” herein.

The Series 2024 Bonds are subject to redemption prior to maturity. See “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption” herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2024 Bonds are offered, subject to prior sale, when, as and if issued by the City and accepted by the Underwriter and subject to the approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by its counsel, Hulsey, Oliver & Mahar, LLP, Gainesville, Georgia. The Series 2024 Bonds will be available for delivery through DTC on or about October ____, 2024.

RAYMOND JAMES®

Date: September ____, 2024

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Series 2024 Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Maturity (November 15)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number⁽¹⁾</u>
2025	\$4,765,000			
2026	5,200,000			
2027	3,860,000			
2028	3,715,000			
2029	1,955,000			
2030	2,050,000			
2031	2,155,000			
2032	2,260,000			
2033	2,375,000			
2034	2,495,000			
2035	2,615,000			
2036	2,750,000			
2037	2,885,000			
2038	3,030,000			
2039	3,180,000			
2040	3,340,000			
2041	3,505,000			
2042	3,685,000			
2043	3,865,000			
2044	4,060,000			
2045	4,225,000			
2046	4,390,000			

⁽¹⁾ CUSIP data presented herein has been provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Copyright, American Bankers Association. CUSIP numbers are set forth herein for the convenience of reference only and neither the City nor the Underwriter nor their respective agents take responsibility for the accuracy of such data.

*Preliminary, subject to change

CITY OF GAINESVILLE, GEORGIA

Elected Officials

Sam Couvillon, Mayor
Danny Dunagan
Zack Thompson
Barbara B. Brooks
Abigail Guzman
Juli Hayes

Appointed Officials

Bryan Lackey, City Manager
Jeremy Perry, Chief Financial Officer

CITY'S COUNSEL

Hulsey, Oliver & Mahar, LLP
Gainesville, Georgia

BOND COUNSEL AND DISCLOSURE COUNSEL

Murray Barnes Finister LLP
Atlanta, Georgia

UNDERWRITER

Raymond James & Associates, Inc.
Atlanta, Georgia

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the City, public documents, records and other sources considered to be reliable. Raymond James & Associates, Inc. (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2024 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AGENCY. THE SERIES 2024 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY, THE SYSTEM AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Any projections or forecasts contained herein are based on current expectations but are not intended as representations of fact or guarantees of results. The projections or forecasts are intended to be forward-looking statements as defined in the Securities Act of 1933, as amended (the “1933 Act”), and such projections and forecasts inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such projections. These projections and forecasts speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any projections or forecasts contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such projections or forecasts are based.

The Series 2024 Bonds have not been registered under the 1933 Act, and the Resolution (as defined herein) has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Preliminary Official Statement has been deemed final by the City for purposes of U.S. Securities and Exchange Commission Rule 15c2-12, except for permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

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⁽¹⁾ The Series 2024 Bonds are secured solely by the Net Revenues and not by any other moneys of the City, including but not limited to General Fund moneys. The audited financial statements of the City are included in their entirety only because the financial statements for the System's operations are not prepared separately.

\$72,360,000*
City of Gainesville, Georgia
Water and Sewerage Revenue Bonds,
Series 2024

INTRODUCTION

General

This Official Statement sets forth certain information concerning the City of Gainesville, Georgia (the “City”), its existing water and sewerage system (the “System”) and its proposed Water and Sewerage Revenue Bonds, Series 2024 (the “Series 2024 Bonds”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix A.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should fully review the entire Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto.

City

The City is a duly created and validly existing municipal corporation of the State of Georgia, and is authorized to own and operate the System. The City is located in the northeastern portion of the State of Georgia approximately 52 miles northeast of the City of Atlanta. The City had an estimated population of 47,265 as of July 1, 2023. See “THE CITY” and “THE SYSTEM.”

Purpose of the Series 2024 Bonds

The City is issuing the Series 2024 Bonds for the purpose of (a) making certain improvements to the System (the “Series 2024 Project”) (b) refunding a the City’s Water and Sewerage Refunding Revenue Bonds, Series 2014 maturing on and after November 15, 2025 (the “Refunded Bonds”) and (c) paying the costs of issuing the Series 2024 Bonds. See “PLAN OF FINANCING.”

Security and Sources of Payment for the Series 2024 Bonds

The Series 2024 Bonds are special limited obligations of the City and are secured by and payable solely from a first lien on and pledge of the revenues derived by the City from the ownership and operation of the System remaining after the payment of expenses of operating, maintaining and repairing the System (as more specifically defined in Appendix A, the “Net Revenues”). The Series 2024 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, on any other property of the City. No owner of the Series 2024 Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the same or the interest thereon.

Upon the issuance of the Series 2024 Bonds, the Series 2024 Bonds, and the Series 2014 Bonds maturing on November 15, 2024 (the “Outstanding Series 2014 Bonds”) will be the only obligations secured by a first lien on the Net Revenues of the System]. The City has reserved the right to issue Additional Bonds (as defined in Appendix A). If such Additional Bonds are issued, they will be secured by a first lien on and pledge of the Net Revenues of the System on a parity with the lien thereon securing the Series 2024 Bonds and the Outstanding Series 2014 Bonds.

The Series 2024 Bonds will not be secured by a debt service reserve subaccount. The City may establish a debt service reserve subaccount as security for Additional Bonds. If created, such debt service reserve subaccount will not secure the Series 2024 Bonds.

*Throughout this Preliminary Official Statement, an asterisk indicates that the information is preliminary and subject to change.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” and “SYSTEM FINANCIAL INFORMATION.”

Paying Agent and Bond Registrar, Custodian and Depositories

Regions Bank has been designated as paying agent (the “Paying Agent”) and bond registrar (the “Bond Registrar”) for the Series 2024 Bonds. The principal corporate trust office of the Paying Agent is 1180 West Peachtree Street, Suite 1200, Atlanta, Georgia 30309. Truist Bank, Gainesville, Georgia, will continue to act as Revenue Fund Depository, Sinking Fund Custodian, and Renewal and Extension Fund Depository.

Description of the Series 2024 Bonds

*Redemption**. The Series 2024 Bonds are subject to redemption prior to maturity. See “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption.”

Authorized Denominations. The Series 2024 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Book-Entry. The Series 2024 Bonds will be issued in book-entry form (“Book-Entry Form”) and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC” or the “Securities Depository”). The Securities Depository will act as securities depository for the Series 2024 Bonds. Purchases will be made only through the Participants (hereinafter defined) in the Securities Depository, and no physical delivery of the Series 2024 Bonds will be made to Beneficial Owners (hereinafter defined). See “DESCRIPTION OF THE SERIES 2024 BONDS – Terms” and “– Book-Entry System of Registration.”

Registration, Transfers and Exchanges. The Series 2024 Bonds will be issued in fully registered form. As long as the Series 2024 Bonds are held in Book-Entry Form, registrations of transfers and exchanges will be made in accordance with the rules of the Securities Depository. If the Series 2024 Bonds are no longer held in Book-Entry Form, the Series 2024 Bonds may be registered as transferred and exchanged in accordance with the terms of the Resolution. See “DESCRIPTION OF THE SERIES 2024 BONDS – Terms” and “– Book-Entry System of Registration.”

Payments. Interest on the Series 2024 Bonds is payable semiannually on May 15 and November 15 of each year of each year (each an “Interest Payment Date”), commencing May 15, 2025. The Series 2024 Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. As long as the Series 2024 Bonds are held in Book-Entry form, payment of the principal of and interest on the Series 2024 Bonds will be made by the Paying Agent directly to the Securities Depository and will subsequently be disbursed to Participants and thereafter to Beneficial Owners. If the Series 2024 Bonds are no longer held in Book-Entry Form, the principal of and interest on the Series 2024 Bonds will be paid in accordance with the terms of the Resolution. See “DESCRIPTION OF THE SERIES 2024 BONDS – Terms” and “– Book-Entry System of Registration.”

For a more complete description of the Series 2024 Bonds and the basic documentation pursuant to which they were issued, see “DESCRIPTION OF THE SERIES 2024 BONDS” and Appendix A.

Tax Exemption

In the opinion of Bond Counsel, subject to the limitations and conditions hereinafter described, interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder of the Series 2024 Bonds) is exempt from present State of Georgia income taxation, is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. See “TAX MATTERS.” See also Appendix D for the form of opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2024 Bonds.

Professionals Involved in the Offering

Certain legal matters pertaining to the City and its authorization and issuance of the Series 2024 Bonds are subject to the approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by its counsel, Hulsey, Oliver & Mahar, LLP, Gainesville, Georgia.

The financial statements of the City for the fiscal year ended June 30, 2023, attached hereto as Appendix B have been audited by Rushton, LLC, Gainesville, Georgia. See “MISCELLANEOUS – Independent Auditors.”

Legal Authority for Issuance

The Series 2024 Bonds are being issued pursuant to the Constitution and laws of the State, including the Revenue Bond Law (O.C.G.A. § 36-82-60 *et seq.*), as amended (the “Revenue Bond Law”). The Series 2024 Bonds will be issued under and secured pursuant to the terms and conditions of a resolution adopted by the governing body of the City of Gainesville (the “Governing Body”) on October 25, 2001, as supplemented on October 4, 2005, a resolution adopted by the City on October 20, 2005, a parity bond resolution adopted by the City on November 16, 2006, a parity bond resolution adopted by the City on November 18, 2014, as supplemented on December 16, 2014, as supplemented by a resolution adopted on November 3, 2015, a resolution adopted by the City on September 15, 2016, and a parity bond resolution adopted on September ___, 2024 (collectively, the “Resolution”).

Offering and Delivery of the Series 2024 Bonds

The Series 2024 Bonds are offered, subject to prior sale, when, as and if issued by the City and accepted by the Underwriter. The Series 2024 Bonds will be available for delivery through DTC on or about October ___, 2024.

Continuing Disclosure

The City has covenanted for the benefit of the owners of the Series 2024 Bonds in a Continuing Disclosure Certificate (the “Disclosure Certificate”) to provide (a) certain financial information and operating data relating to the System (the “Operating and Financial Data”) annually to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”) and (b) notices of the occurrence of certain events within 10 business days of their occurrence (the “Events Notices”) to EMMA. The City’s undertaking to provide Operating and Financial Data and Events Notices is described in the Disclosure Certificate, a form of which is attached as Appendix C. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

The City entered into written undertakings similar to the Disclosure Certificate in connection with the (a) Georgia Local Government 1998A Grantor Trust Certificates of Participation, Series 1998A (the “1998 Continuing Disclosure Certificate”), (b) Gainesville Redevelopment Authority Revenue Bonds (Downtown Parking Garage Project), Series 2009A (the “2009A Continuing Disclosure Certificate”), (c) Gainesville Redevelopment Authority Revenue Refunding and Improvement Bonds (City of Gainesville, Georgia Projects), Series 2012B (Taxable) (the “2012B Continuing Disclosure Certificate”), (d) Water and Sewerage Refunding Revenue Bonds, Series 2014 (the “2014 Continuing Disclosure Certificate”), and (e) Gainesville Redevelopment Authority Revenue Bonds (Gainesville Projects), Series 2022 (the “Series 2022 Continuing Disclosure Certificate”) (collectively, the “Prior Continuing Disclosure Certificates”). In the last five years, there have been instances in which the City has failed to materially comply with its obligations under the Prior Continuing Disclosure Certificates. Those instances of material non-compliance are described below.

1998 Continuing Disclosure Certificate. The City failed to link its operating and financial data to the related security in 2019 and 2020 and failed to file a notification of such failure. The City failed to provide a copy of the operating and financial data to Georgia Municipal Association, Inc. together with the written certification required by the 1998 Continuing Disclosure Certificate. The 2019 and 2020 operating and financial data was properly linked to this security on August 18, 2022.

2009A Continuing Disclosure Certificate. For 2019 through 2022, the City failed to file (a) a debt by category table that showed intergovernmental contracts, (b) a table showing annual debt service on all long-term tax supported debt and (c) the general fund budget for the next fiscal year. For 2023, The City failed to file its general fund budget for the next fiscal year. The City failed to file a notice of the March 30, 2021 Moody's Investors Service, Inc. ("Moody's") upgrade. Corrective filings were made on August 12, 2022, August 18, 2022 and September 4, 2024.

2012B Continuing Disclosure Certificate. The City failed to file a notice of the March 30, 2021 Moody's upgrade. A corrective filing was made on August 12, 2022.

2014 Continuing Disclosure Certificate. In each of the last five years, the City failed to file the maximum demand information for its water system. The City failed to file a notice of a June 15, 2023 S&P upgrade. Corrective filings were made on August 23, 2022 and September 4, 2024.

In the last five years, there have been instances in which the City has failed to comply with its obligations under the Prior Continuing Disclosure Certificates, but has determined that such non-compliance was immaterial. Those instances of immaterial non-compliance are described below.

2009A Continuing Disclosure Certificate and 2012B Continuing Disclosure Certificate. In 2019 and 2020, the legal debt margin was calculated using debt that was not general obligation debt. The legal debt margin should have been calculated using only general obligation debt. In each of the last five years, the City did not break the real and personal property tax digest down into residential, commercial and industrial categories. In each of the last five years, the City did not include the taxes levied for the ten largest taxpayers, only the assessed value.

2014 Continuing Disclosure Certificate. In each of the last five years, the City (a) did not include (i) the average usage for the ten largest water and sewer customers, only the amount billed, and (ii) some miscellaneous water and sewer fees and (b) included GEFA loans in the debt service coverage table.

The Series 2009A Official Statement contained a draft of the 2009A Continuing Disclosure Certificate. That draft stated the filings would be due within 120 days of the end of each fiscal year. The final 2009A Continuing Disclosure Certificate, executed by the City and dated May 20, 2009, states the filings are due within 180 days of the fiscal year end. Therefore, the City filed timely.

The City maintains policies and procedures with respect to its tax-exempt debt, including procedures related to the timely assemblage and submission of its annual reports and additional continuing disclosure information. The City has updated its procedures to include the information described above in its Annual Comprehensive Financial Reports. Going forward, the City expects to comply fully with its obligations under the Disclosure Certificate and the Prior Continuing Disclosure Certificates.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the City, the System, the Series 2024 Bonds and the security and sources of payment for the Series 2024 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, the Disclosure Certificate and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Series 2024 Bonds are qualified in their entirety to the form thereof included in the Resolution. Copies of the Resolution, the Disclosure Certificate and other documents and information are available upon request and upon payment to the City of a charge for copying, mailing, and handling from Jeremy Perry, Chief Financial Officer, City of Gainesville, P.O. Box 2496, Gainesville, Georgia 30503; telephone (770) 535-6898. During the period of the offering of the Bonds copies of such documents are available upon request and upon payment of a charge for copying, mailing, and handling from Raymond James & Associates, Inc., 3050 Peachtree Road, Suite 702, Atlanta, Georgia 30305; telephone: (404) 240-6805.

PLAN OF FINANCING

Estimated Sources and Applications of Funds

The estimated sources and applications of funds are estimated below:

Estimated Sources of Funds:	
Par Amount of Bonds	\$[72,360,000*]
Plus: Net Original Issue Premium	
Sinking Fund Accruals	
Total Sources of Funds	
Estimated Application of Funds:	
Costs of Series 2024 Project	
Refunding of Refunded Bonds	
Costs of Issuance ⁽¹⁾	
Total Application of Funds	

⁽¹⁾ Includes the Underwriter’s discount, legal fees, rating agency fees, initial fee of the Paying Agent, Bond Registrar, Construction Fund and Sinking Fund Custodian, printing costs, validation court costs and other costs of issuance.

Series 2024 Project

A portion of the proceeds of the Series 2024 Bonds will be used to pay the costs of the Series 2024 Project and the costs of issuing the Series 2024 Bonds. The proceeds of the Series 2024 Bonds needed to pay the costs of the Series 2024 Project and the costs of issuing the Series 2024 Bonds will be deposited into the Construction Fund. The money deposited in the Construction Fund will be invested in Permitted Investments (as defined in Appendix A) pending their disbursement and will be requisitioned from the Construction Fund by the City as needed.

The Series 2024 Project consists of the following projects:

1. Flat Creek Water Reclamation Facility Primary Clarifiers. Primary treatment allows wastewater solids to settle ahead of the biological and advanced treatment. Two new Primary Clarifiers will be constructed and two existing tanks will be converted from the current dissolved air flotation technology to primary clarifiers. This project will include associated structural, mechanical, electrical, instrumentation, and control structures and equipment as well as yard piping and other necessary appurtenances.
2. Flat Creek Water Reclamation Facility Headworks. The Headworks facilities are the initial unit process to remove large wastewater debris and grit as well as to pump the influent flow. The work will include screening, grit removal, and pumping. This work will upgrade existing equipment and install new structures and equipment including structural, mechanical, electrical, instrumentation, and control structures and equipment as well as yard piping and other necessary appurtenances.
3. Riverside and Lakeside Water Treatment Plant Improvements. This project will upgrade and expand drinking water treatment capabilities. This project will add new filtration, add redundancy for reliability, and rehabilitate existing treatment units, including structural, mechanical, electrical, instrumentation, and control structures and equipment as well as yard piping and other necessary appurtenances.

The City anticipates following the public procurement requirements contained in State law. The City has not entered into a construction contract for the Series 2024 Project. The City anticipates requiring each contractor to execute performance and payment bonds for each major component of the Series 2024 Project. Failure to complete the Series 2024 Project in a timely manner would not impact the System’s current financial results; however, the failure to complete the Series 2024 Project in a timely manner may adversely affect the future financial results of the System.

Refunding

A portion of the proceeds of the Series 2024 Bonds, together with the sinking fund accruals allocable to the Refunded Bonds referenced above will be used to refund the Refunded Bonds. The portion of the proceeds of the Series 2024 Bonds used to refund the Refunded Bonds together with the sinking fund accruals referred to above, will be deposited into an escrow fund (the “Escrow Fund”) created pursuant to an Escrow Deposit Agreement, dated as of October 1, 2024, among the City and Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”) and Bank of New York Mellon Trust Company, N.A., as paying agent for the Refunded Bonds. The Escrow Agent will apply substantially all such moneys to the purchase of certain United States Treasury Obligations, State and Local Government Series (the “Government Obligations”). The Government Obligations, together with any required cash balance (the “Cash”), will provide sufficient money to pay the interest on the Refunded Bonds due on November 15, 2024, and the principal and interest due on the Refunded Bonds on January 15, 2025, the redemption date of the Refunded Bonds maturing on and after November 15, 2025 (the “Redemption Date”) and to redeem the Refunded Bonds on the Redemption Date. The owners of the Series 2024 Bonds will not have a lien on or be entitled to the Government Obligations or the Cash on deposit in the Escrow Fund. Upon such deposit of Government Obligations and Cash into the Escrow Fund, the Refunded Bonds will be considered defeased and no longer outstanding, and the owners of the Refunded Bonds will no longer have a lien on the Net Revenues of the System.

After giving effect to the refunding of the Refunded Bonds, the City will have outstanding \$5,800,000 in aggregate principal amount of Series 2014 Bonds, maturing November 15, 2024 secured by a lien on the Net Revenues of the System on a parity with the Series 2024 Bonds.

Verification

Integrity Public Finance Consulting LLC (the “Verification Agent”) will deliver to the City, on or before the delivery date of the Series 2024 Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the Cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the principal of and interest on the Refunded Bonds up to and through the Redemption Date.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the City and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the City and its representatives and has not evaluated or examined the assumptions or information used in the computations.

DESCRIPTION OF THE SERIES 2024 BONDS

Terms

The Series 2024 Bonds will be dated their date of issuance and delivery. The Series 2024 Bonds will bear interest at the rates shown on the inside cover page of this Official Statement (computed on the basis of a 360-day year comprised of twelve 30-day months) from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, unless their date of authentication is after the 15th day (whether or not a business day) next preceding an Interest Payment Date (the “Record Date”) but before an Interest Payment Date, in which case from the next Interest Payment Date, or unless their date of authentication is before the first Interest Payment Date, in which case from their date of issuance). Interest is payable on each Interest Payment Date, commencing May 15, 2025. The Series 2024 Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Both the principal of and interest on the Series 2024 Bonds shall be payable in lawful money of the United States of America.

The Series 2024 Bonds shall initially be issued in Book-Entry Form. As long as the Series 2024 Bonds are held in Book-Entry Form, payment of the principal of and interest on the Series 2024 Bonds will be made by the Paying Agent directly to the Securities Depository and will subsequently be disbursed to Participants and thereafter

to Beneficial Owners. See “– Book-Entry System of Registration.” If the Series 2024 Bonds are no longer held in Book-Entry Form, the principal of and interest on the Series 2024 Bonds will be paid in accordance with the terms of the Resolution.

The Series 2024 Bonds will be issued in fully registered form. As long as the Series 2024 Bonds are held in Book-Entry Form, registrations of transfers and exchanges will be made in accordance with the rules of the Securities Depository. See “– Book-Entry System of Registration.” If the Series 2024 Bonds are no longer held in Book-Entry Form, the Series 2024 Bonds may be registered as transferred and exchanged in accordance with the terms of the Resolution.

See Appendix A for more information regarding transfers and exchanges of the Series 2024 Bonds.

Book-Entry System of Registration

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered Series 2024 Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond certificate will be issued for each maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the “Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of Series 2024 Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2024 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2024 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2024 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE PAYING AGENT AND BOND REGISTRAR HAS ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2024 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF

ANY PARTIAL REDEMPTION OF THE SERIES 2024 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED BONDHOLDER.

Redemption

Optional Redemption. The Series 2024 Bonds maturing on or after November 15, 2035* are subject to optional redemption, in whole or in part, in any order of maturities, on any date on or after November 15, 2034*, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

Partial Redemption. If the Series 2024 Bonds are called for optional redemption in part, then the particular maturity or maturities to be redeemed shall be selected by the City. If less than all of the Series 2024 Bonds of a maturity are to be called for redemption, then Series 2024 Bonds within each maturity so called for redemption shall be selected (a) in the manner designated by the Securities Depository when the Series 2024 Bonds are held in Book-Entry Form and (b) by lot when the Series 2024 Bonds are not held in Book-Entry Form.

Notice of Redemption. Notice of redemption will be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (a) in accordance with the rules of the Securities Depository as long as the Series 2024 Bonds are held in Book-Entry Form and (b) by first class mail, postage to all registered owners of the Series 2024 Bonds to be redeemed at addresses which appear upon the bond registration book as of the date of giving such notice if the Series 2024 Bonds are no longer held in Book-Entry Form. Any defect in such notice will not affect the validity of the proceedings for such redemption or cause the interest to accrue on the principal amount of the Series 2024 Bonds so designated for redemption after the redemption date. Notice given in the manner describe above will be conclusively presumed to have been given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there have not been deposited with the Paying Agent or an escrow agent moneys sufficient to redeem all the Series 2024 Bonds called for redemption, such notice will state that it is conditional upon the deposit of the redemption moneys with the Paying Agent or the escrow agent not later than the opening of business on the date established for redemption, and such notice will be of no effect unless such moneys are so deposited.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

General

The Series 2024 Bonds are special limited obligations of the City and are secured by and payable solely from a first lien on and pledge of the Net Revenues of the System. The Series 2024 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, on any other property of the City. No owner of the Series 2024 Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the same or the interest thereon.

Upon the issuance of the Series 2024 Bonds, the Series 2024 Bonds and the Outstanding Series 2014 Bonds will be the only obligations secured by a first lien on the Net Revenues of the System. The City has reserved the right to issue Additional Bonds (together with the Series 2024 Bonds and the Outstanding Series 2014 Bonds, the "Bonds"). If such Additional Bonds are issued, they will be secured by a first lien on and pledge of the Net Revenues of the System on a parity with the lien thereon securing the Series 2024 Bonds and the Outstanding Series 2014 Bonds. See "-- Additional Bonds."

The Series 2024 Bonds will not be secured by a debt service reserve subaccount (a "Reserve Subaccount"). The City may establish a Reserve Subaccount as security for Additional Bonds. If created, such Reserve Subaccount will not secure the Series 2024 Bonds. See "-- Reserve Account."

Funds and Accounts

Funds and Accounts. The following funds and accounts have been created in the Resolution: the Construction Fund, the Revenue Fund, the Sinking Fund and the Renewal and Extension Fund. The Sinking Fund consists of three accounts: the “Debt Service Account,” the “Swap Payments Account” and the “Debt Service Reserve Account.” As to any issue of Additional Bonds for which the City has determined that it is necessary or desirable to establish a debt service reserve for such Additional Bonds, the Sinking Fund Custodian shall establish a separate special subaccount within the Debt Service Reserve Account, each of which shall be designated as the “Series ____ Reserve Subaccount” (a “Reserve Subaccount”).

Flow of Funds. All revenues arising from the ownership or operation of the System will be collected by the City or by its agents or employees and deposited promptly into the Revenue Fund. The City will pay from the Revenue Fund the reasonable and necessary costs of operating, maintaining and repairing the System, including salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees, proper charges for materials and services provided by other departments of the City and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provision for depreciation, interest expense and amortization. The Net Revenues remaining in the Revenue Fund after the payment of such operating expenses have been pledged by the City first as security for any outstanding Bonds and to the provider of any Debt Service Surety Bond or Credit or Liquidity Facility.

After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the provisions of the preceding paragraph, the City will pay from the Revenue Fund into the Debt Service Account of the Sinking Fund equal monthly deposits sufficient to pay debt service on any outstanding Bonds on the next Interest Payment Date.

After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the preceding paragraphs, the City will pay from the Revenue Fund into any Reserve Subaccount contained in the Debt Service Reserve Account of the Sinking Fund payments sufficient to maintain the Reserve Subaccount in an amount equal to the Debt Service Reserve Requirement for Additional Bonds so secured by a Reserve Subaccount. **The Series 2024 Bonds will not be secured by the Debt Service Reserve Account.** Each Reserve Subaccount shall only secure the Bonds for which it was established. Each Reserve Subaccount shall be funded and replenished pro rata.

After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the preceding paragraphs, the City will pay from the Revenue Fund such payments as may be required to pay junior lien obligations, including loans made by the Georgia Environmental Finance Authority or the State Revolving Fund. Next there is paid from the Revenue Fund into the Renewal and Extension Fund, moneys from the Revenue Fund until the balance in the Renewal and Extension Fund is \$150,000 or such higher amount as the City, in its sole discretion shall determine. There may next be transferred from the Revenue Fund into the City’s General Fund all the moneys remaining in the Revenue Fund (except for a reasonable working capital reserve in an amount determined by the City in its sole discretion). The moneys transferred from the Revenue Fund into the City’s General Fund may be used by the City for any lawful purpose. Nothing shall be construed herein as requiring the City to transfer money from the Revenue Fund into the General Fund.

See Appendix A for more information on the funds and accounts created in the Resolution.

Additional Bonds

The City has reserved the right to issue Additional Bonds. If such Additional Bonds are issued, they will be secured by a first lien on and pledge of the Net Revenues of the System on a parity with the lien thereon securing the Series 2024 Bonds and any outstanding Series 2014 Bonds. See Appendix A for a description of the terms and conditions under which Additional Bonds may be issued.

Subordinate Debt

The City has also reserved the right to issue Junior Lien Obligations (“Subordinate Debt”). If such Subordinate Debt is issued, it will be secured by a subordinate lien on and pledge of the Net Revenues of the System. See Appendix A for a description of the terms and conditions under which Subordinate Debt may be issued.

Reserve Account

The City is not establishing a Reserve Subaccount in the Debt Service Reserve Account in connection with the issuance of the Series 2024 Bonds. Therefore, the Series 2024 Bonds will not be secured by a Reserve Subaccount. The City may establish a Reserve Subaccount as security for Additional Bonds. If created, such Reserve Subaccount will not secure the Series 2024 Bonds. See Appendix A for more information regarding the Debt Service Reserve Account and any subaccounts that may be created therein.

Rate Covenant

Pursuant to the Resolution, the City has covenanted that it will set its schedule of rates, fees and charges for the services and facilities of the System so as to produce a Debt Service Coverage Ratio of at least 1.10x in the current Fiscal Year. See Appendix A – Rate Covenant for more information regarding the rate covenant.

Remedies and Enforceability of Remedies

Generally. The Revenue Bond Law and the Resolution provide for certain remedies for the owners of the Bonds upon an event of default. See Appendix A – Events of Defaults; Remedies for a description of the remedies available to owners of the Bonds under the terms of the Resolution.

The Revenue Bond Law provides that the duties of the City and the members and officers of the City under the Revenue Bond Law and the Resolution are enforceable by any owner of the Bonds by mandamus or other appropriate action or proceeding at law or in equity. The Revenue Bond Law also provides that in the event the City defaults in the payment of the principal or interest on any of the Bonds after the same becomes due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or in the event the City or the members, officers, agents, or employees of the City fail or refuse to comply with the essential provisions of the Revenue Bond Law or default in any material respect in any agreement made with the holders of the Bonds, any holders of the Bonds shall have the right to apply in an appropriate judicial proceeding to the Superior Court of Hall County or to any court of competent jurisdiction for the appointment of a receiver of the System, whether or not all Bonds have been declared due and payable and whether or not such holder is seeking or has sought to enforce any other right or to exercise any remedy in connection with the Bonds. Upon such application, the Superior Court, if it deems such action necessary for the protection of the bondholders, may appoint and, if the application is made by the holders of 25 percent in principal amount of the Bonds then outstanding, shall appoint a receiver of the System.

The receiver so appointed under the Revenue Bond Law has the power to hold, use, operate, manage and control the System, including collecting all revenues for deposit into a separate account. To the extent that funds of the City are commingled, general creditors of the City may have a lien on cash in commingled accounts. The receiver does not have the power to sell, assign, mortgage or otherwise dispose of the System.

Enforceability of Remedies. The realization of value from the pledge of the Net Revenues will depend upon the exercise of various remedies specified by State law (including the Revenue Bond Law) and the Resolution. These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Series 2024 Bonds may be limited by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of rights or remedies with respect to the Series 2024 Bond by bankruptcy, insolvency, laws affecting creditors’ rights generally and the application of equitable principles.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no county, municipality, authority, division, instrumentality, political subdivision, or public body corporate created under the Constitution or the laws of the State shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for consolidation of its debts under any federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, mayor, board of commissioners, city council, board of trustees, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any county, municipality, authority, division, instrumentality, political subdivision, or public body corporate created under the Constitution or laws of the State of any petition for federal relief from payment of its debts as they mature or a petition for consolidation of its debts under any federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

THE SYSTEM

General

The City owns and operates the largest public water supply, wastewater treatment, and distribution system within Hall County, Georgia (the “County”). The System has approximately 1,478 miles of water lines and water production capacity of 35 million gallons per day (“MGD”). The System has wastewater treatment capacity of 17 MGD. At June 30, 2024, the System provided water service to approximately 61,422 customer accounts, including 48,530 customer accounts outside the City limits. At June 30, 2024, the System provided sewer service to 14,228 sewer accounts including approximately 3,535 customer accounts outside the City limits. Each water and/or sewer account is considered one customer, and almost all sewer customers are water customers, with an average of 2.6 people in each account household.

Several other public systems also provide limited service in the County. In January 2006, the City of Gainesville and Hall County entered into a 25 year lease agreement providing for the transfer of ownership of the Hall County water distribution system to the City. See “THE SYSTEM – Water System – Lease of Hall County Water System” for additional information concerning the Hall County contract.

Management

The day-to-day affairs of the System are managed by the Director of Water Resources. Linda MacGregor has served as the Director of Water Resources since February 2016. Ms. MacGregor has an Environmental and Water Resources Engineering degree from Vanderbilt University. She is a licensed Professional Engineer in Georgia. Prior to joining the City, Ms. MacGregor was the Georgia Environmental Protection Division Watershed Protection Branch Chief and the Georgia Environmental Finance Authority Water Resources Director. She started her career as a consulting engineer doing planning, designing, and construction management for local utilities throughout Georgia and beyond.

The financial affairs of the System are managed by the Chief Financial Officer of the City. Jeremy Perry has served as Chief Financial Officer since 2016. Perry obtained a Bachelor of Arts degree in Accounting at the University of North Georgia. His work experience includes over 26 years of public sector service. Perry has served as a government auditor, the Financial Services Manager at Hall County, and the Director of Finance for the City of Flowery Branch. He has many years of service with nonprofit organizations including board experience.

Employees, Employee Relations and Labor Organizations

As of June 30, 2024, the City employed 226 permanent full-time equivalent persons in the operation of the System. No employees of the City are represented by labor organizations or are covered by collective bargaining agreements, and the City is not aware of any union-organizing efforts at the present time. The City believes that employee relations are good. The System employees receive the same benefits as other City employees.

The System's management staff, plant operators and maintenance and repair personnel are required to be certified by the State of Georgia. The System has a continuing education program to ensure that its personnel are qualified and able to meet the State of Georgia's certification requirements.

Systemwide Initiatives

Asset Management. The City has implemented Asset Management throughout the System. This initiative started in 2019, provides pertinent information about assets, lifetime costs, and criticality through NexGen, an asset management software system. In the normal course of business, engineers, operators, and maintenance team members enter information into the asset management system. Additionally, the City has added dedicated asset management specialists who maintain the software and collect necessary information on asset condition and value. Asset management efforts are allowing the City to move to a risk-based maintenance approach.

Safety Program. Recognizing that safety is a good business approach and a retention practice for team members, the City has an ongoing and active safety program. The Safety Committee is comprised of representatives from each division and meets monthly. Every System employee is on a safety team, divided into high-hazard and low-hazard teams. The System safety programs include orientation, regular training programs, reporting of unsafe conditions using a QR code and smart phone, safety inspections, and incentives for safety recognition.

Automated Systems and Cyber Security. The City operates and maintains 2 water treatment plants, 2 wastewater treatment plants, 77 sewage lift stations, 3 water pumping stations and 7 water storage tanks. The lift stations, pump stations and water storage tanks are unmanned and require remote monitoring for proper operation. The treatment plants are manned 24/7 but require close monitoring of plant equipment and processes to produce safe drinking water and protect the environment. The System has a new state-of-the-art software system, Ignition, which allows staff to monitor and control equipment in real-time both on-site and remotely. The system has alarms that alert staff of problems so they can be addressed in a timely manner. In an effort to protect the security of its systems, the City is implementing new cyber-security protocols, software and hardware. Working with City IT staff and external experts, the City has developed a network security design and procured the necessary hardware and software to fully implement the cyber security system.

Water System

General. The water supply system of the City began in the late nineteenth century as a tax supported system providing limited water service to residents within the City limits and became self-supporting in the 1940s. As the population adjacent to the City increased, extensions were made to serve users outside the City limits when service lines were available.

Lease of Hall County Water System. Pursuant to an intergovernmental lease and management agreement, dated January 17, 2006 (the "Hall County Lease"), between the City and the County, the County leased its water distribution system to the City in order to unify the County's and the City's water systems. The leased assets include all facilities of the County's water system including all water mains, fire hydrants, water meters, all existing customers of the County water system, the Cedar Creek reservoir, pump station and system interconnections. Pursuant to the Hall County Lease, the City provides financial, operational, management and capital improvement responsibilities required to operate the water system, including the assumption of certain County liabilities in the amount of \$3,398,088 at January 17, 2006. All facilities constructed and customers added to the County water system are facilities and customers of the City. The Hall County Lease term is 25 years, and on each January 17th, the County will automatically transfer 1/25th of its water system to the City. On January 17, 2031, the City shall have full ownership of the County's water system. The Hall County Lease may be terminated upon the occurrence of all of the following: (a) mutual agreement between the County and the City, (b) written approval of Georgia Environmental Protection Division ("EPD"), (c) payment by the County to the City for all costs associated with the capital improvements made to the County's water system after January 17, 2006 and (d) payment by the County to the City for the portion of the System assets acquired by the City under the Hall County Lease.

Water Supply. The source of supply of raw water for the System, as well as the City of Buford, City of Cumming, Forsyth County, and Gwinnett County, is Lake Lanier, a 38,000-acre impoundment of the Chattahoochee River which is owned and operated by the U.S. Army Corps of Engineers (the "Corps"). Parties that withdraw water

for municipal and industrial purposes from reservoirs managed by the Corps generally are required under federal law to enter into water storage contracts with the Corps, but such contracts were previously delayed for several decades due to litigation by the States of Alabama and Florida challenging the Corps' authority to operate Lake Lanier for water supply.

The Corps' authority was affirmed in 2011 by the United States Court of Appeals for the Eleventh Circuit, and the Corps adopted an updated water control plan on March 30, 2017 (the "2017 Master Manual"), confirming the Corps can meet the System's and other withdrawers' long-term water needs, as well as levels of withdrawal that the State of Georgia has projected out to the year 2050 for the local governments currently served by Lake Lanier. The Corps and the State of Georgia executed a water storage contract on January 20, 2021 (the "State Water Storage Contract"), after which the State of Georgia issued draft subcontracts with the regional water withdrawers, including the City. All subcontracts between the State of Georgia and the regional water withdrawers have been finalized. The City executed its sub-contract on September 26, 2022 (the "City Subcontract"). The City Subcontract is estimated to provide a gross annual withdrawal exceeding 11 MGD on an annual basis in addition to the 18 MGD authorized pursuant to the Gainesville Relocation Contract (hereinafter defined). These two contracts total at least 29 MGD on an annual basis. This is consistent with the City's pending water withdrawal permit revision from EPD, which is expected to be issued shortly.

The State of Alabama and three environmental groups challenged the 2017 Master Manual including the 2021 storage contract with Georgia that it authorized. These claims were dismissed by the United States District Court for the Northern District of Georgia in 2021. Alabama and the environmental groups have appealed these rulings and their appeals are pending before the U.S. Court of Appeals for the Eleventh Circuit. Alabama's appeal has been stayed while the Corps evaluates a settlement agreement that, if approved and implemented by the Corps, will result in the dismissal of Alabama's claims. Because the environmental groups did not join the agreement with Alabama, their appeal has not been stayed, and a final decision is anticipated in 2025. Unlike prior litigation, the environmental groups have not challenged the Corps' statutory authority to allow water supply uses at Lake Lanier. It is unclear whether or how a decision by the Eleventh Circuit in favor of the environmental groups might affect the State Water Storage Contract and subcontracts described above.

Before Lake Lanier was impounded, the City withdrew water from an intake facility in the Chattahoochee River. That facility was inundated by the impoundment, and thus had to be relocated to its present location near Lake Lanier. The City executed a contract with the Corps in June 1953 (the "Gainesville Relocation Contract") to "make the City whole" in connection with these events. The Gainesville Relocation Contract allows the City to withdraw up to 8 MGD from Lake Lanier. This contract was interpreted to authorize withdrawals on a "net withdrawal" basis, meaning the withdrawals from Lake Lanier, after netting out water the City returns to Lake Lanier through treated wastewater discharges, cannot exceed 8 MGD. In January 2003 a supplement to the Gainesville Relocation Contract was executed. The supplement to the Gainesville Relocation Contract provides that the contract will be construed to authorize "gross withdrawals" in the amount of 18 MGD on an average annual basis, without providing any additional credit for return flows. The State Water Storage Contract explicitly provides that the State Gainesville Relocation Contract shall not be merged into the State Water Storage Contract.

In addition to the litigation described above, the State of Florida ("Florida") initiated litigation in 2013 against the State of Georgia in the U.S. Supreme Court, seeking an equitable apportionment of the waters of the Apalachicola-Chattahoochee-Flint River Basin, including a cap on the State of Georgia's use of water from the Flint River. On April 1, 2021 the U.S. Supreme Court unanimously dismissed Florida's lawsuit seeking equitable apportionment of Apalachicola-Chattahoochee-Flint River Basin, which includes Lake Lanier.

At present, it is not possible to predict future litigation, or the effect that possible congressional action or interstate agreements might have on the City's source of water supply.

Water Treatment Facilities. The City presently operates two water treatment facilities, the Riverside Drive Water Treatment Plant ("Riverside") and the Lakeside Water Treatment Plant ("Lakeside"). Riverside was originally constructed in the 1950's, and its most recent upgrades were designed to improve the efficiency and reliability of the facility, and create redundancy in critical operational areas. The City's newest plant, Lakeside, went online in 2002.

At Riverside, raw water is withdrawn from Lake Lanier through two water intake facilities. Pumping capacity on the original intake is provided by two vertical turbine pumps with rated capacities of 18 MGD and 15 MGD. A second intake was added in 2000. This newer intake contains its own raw water pumps, with rated capacities of 25 MGD and 8 MGD. Raw water is pumped to the filter plant from the original intake through two pipelines with diameters of 16 and 24 inches. A 36-inch transmission main carries water to Riverside from the new intake.

Riverside has a rated capacity for treatment of water of 25 MGD. The plant currently produces an average daily flow of approximately 12.60 MGD, and its maximum day (pumped to system) demand in fiscal year 2024 was 20.07 MGD. There are five finished water pumps in the plant, with capacities ranging from 4 MGD to 15 MGD, with combined finished water pumping rated capacity of 46 MGD. The excess pumping capacity provides ample reserve capacity in case of a pump failure and permits the System to supply varying demand levels more efficiently.

In 2001, Riverside was upgraded, including the construction of an additional 5 MG finished water storage tank and high service pumping station, significant electrical equipment upgrades, an additional solids dewatering press, construction of office and training facilities, an upgraded filter system, and an updated chemical addition system. In addition, Riverside houses a second SCADA telemetry unit to monitor the System's 77 sewer lift stations and 3 water booster pump stations and alert operators to equipment failures. These improvements cost approximately \$18.2 million and were funded by bond proceeds and System revenues.

At Lakeside, raw water is withdrawn from the lake through a raw water pumping station installed on the bank of Lake Lanier. Raw water pumping capacity is provided by 3 vertical turbine pumps with rated capacities of 10 MGD, 10 MGD and 5 MGD. Raw water is pumped approximately 1.5 miles to the plant through two 42-inch diameter pipes.

Lakeside has a treatment capacity of 10 MGD. Plans are to expand this facility over time to an ultimate capacity of 100 MGD to meet future system demands. The plant is currently producing an average daily flow of approximately 8.79 MGD, and its maximum day pumped to system demand in fiscal year 2024 was 12.4. The flow through the filters never exceeded the 10 MGD permit limit. There are five pumps in the plant, with capacities ranging from 5 to 16 MGD, with a total combined finished water pumping rated capacity of 37 MGD. As with Riverside, the excess pumping capacity provides ample reserve capacity in case of a pump failure and permits the System to supply varying demand levels more efficiently.

Lakeside improvements completed in fiscal year 2007 provide for more efficient handling of the sludge generated during the water treatment process. A clarifier was added to settle the solids from all plant processes, which greatly improved sludge handling practices. Also, additional bulk chemical storage capacity was added at the plant to reduce chemical expenses by being able to obtain bulk pricing.

Water Distribution System. The water distribution network consists of approximately 1,478 miles of predominantly ductile iron pipelines ranging in size from 6-inch to 48-inch diameters. The distribution system is considered to be in generally good condition. Approximately 4.5% of the pipelines have been installed in the last five years (67 miles). It is estimated more than 11.4% of the lines in the system have been installed in the last 15 years (168 miles). The average useful life of the pipelines is estimated at 100 years.

The water system has a total finished water storage capacity of 30.75 MG. After water has been treated at Riverside, it is stored in three clear wells with an on-site storage capacity of 12 MG. Similarly, after treatment at Lakeside, water is stored in two clear wells with a total capacity of 10 MG. There is one ground level storage tank with a capacity of 5 MG, and there are presently six other "elevated" water storage tanks strategically located throughout the distribution system which have a total storage capacity of 3.75 MG. Hydraulic models are developed on a periodic basis to ensure as the system grows that appropriate tanks are built to maintain system pressure and fire prevention capabilities. Since the integration of the City's water system with the Hall County water system, an existing 0.1 MG elevated tank was replaced with a 0.75 MG elevated tank and the booster station was upgraded to serve the area.

As part of the City's distribution system improvement plans, portions of the existing system currently served by older and smaller diameter lines have been identified for replacement. The City has an ongoing program

to identify and replace old and small diameter lines on an annual basis. In fiscal year 2024, approximately 63,360 of water main replacement and extensions were constructed, with 135 fire hydrants added to the system.

System Interconnections. Prior to the Lakeside plant coming on line in October 2002, the City constructed a metered interconnection/booster pump station and entered into an agreement with Gwinnett County, an adjoining county, to purchase water to help supply the growing demand it was experiencing in the South Hall County area. The initial contract was extended through 2025. As Lakeside enables the System to meet current South Hall County demands, the contract provides for only a minimal amount of water to flow through the station on a periodic, planned basis to maintain, test, calibrate or otherwise exercise the meter, interconnection valves, backflow prevention devices, booster pumps, and other appurtenances. The interconnection is not to be used except during emergencies. Both parties intend normal maintenance usage to be less than 100,000 gallons per year. All flow, including normal maintenance usage, leakage, and emergency usage, is billable. The rate charged may be the retail rate, or it may equal but shall not exceed the highest block volumetric rate charged to any other entity, but in no case shall it exceed the highest volumetric rate charged to any other entity. There is no minimum demand monthly charge. Charges will only be applied based upon actual usage as indicated by meter reading change. The City also has interconnection agreements with Jackson County (renewed in November 2013 for a term of fifteen years), and White County (approved in November 2014 with a term of 15 years) for emergency usage situations.

Cedar Creek Reservoir. The County constructed the Cedar Creek Reservoir as an additional water supply. The Cedar Creek Reservoir was transferred to the City pursuant to the Hall County Lease. The Hall County Lease was effective immediately for the purposes of operations and maintenance. EPD has issued a water withdrawal permit for the reservoir at 2.5 MGD daily maximum and 2 MGD monthly average. EPD has also issued a withdrawal permit for a 20 MGD withdrawal from the North Oconee River to fill the Cedar Creek Reservoir. This water supply is available for the City's use if needed.

Water Loss Audits. The System conducts an annual Water Loss Audit in accordance with EPD requirements using the American Water Works Association M36 methodology. Since 2011, the System has shown steady improvement in the Validity Score and Real Water Loss. The Audit indicates that even more improvement may be possible by attention to 1) Volume from own Sources, 2) Unauthorized Consumption, and 3) Customer Metering Inaccuracies. The System has ongoing initiatives in each of these areas to both improve these numbers as well as the quality of data used to generate the numbers.

Automated Meter Infrastructure. The System has over 60,000 customer meters, which through a 10-year investment, are 100% smart meters on a smart utility network. Meters are read remotely via a radio link uploaded into a cloud-based database. This database is monitored by staff for continuous water use, zero water use, and other factors. This data is also available to customers through a portal that allows customers to see hourly water use and set alarms. The City uses this data to alert customers through automatic calling to possible leaks. The data is transferred from the smart meter network to the billing software.

Sewer System

General. Subsequent to the initial development of the water system, sanitary sewers were constructed beginning in the late nineteenth century in those areas of the City where topography permitted gravity flow to a point of discharge along the Chattahoochee River or a flowing stream. The operating cost of this sewer system was tax supported as a City service until approximately 1945, and no charge was made for connection to or use of the System. With the impoundment of the Chattahoochee River to form Lake Lanier, sewage treatment became mandatory.

The wastewater collection system consists of approximately 345 miles of sanitary sewer lines, ranging in size from 6 inches to 48 inches. The system ranges in age from new to 130 years old, with an average useful life of approximately 70-100 years. The system also contains over 12,758 manholes and 77 lift stations pumping wastewater to the plants. Most of the sewer lines are constructed out of clay pipe, along with ductile iron, PVC and steel.

An emphasis has been placed on the detection of inflow and infiltration ("I&I"). I&I results when cracks or openings in lines allow for the inflow of stormwater, springs, or other sources of underground water to enter the

collection system. Unremediated I&I becomes part of the capacity being treated at a wastewater treatment plant. As part of the System's I&I program, approximately 350,000 gallons per day ("GPD") of water was located in fiscal year 2024. Approximately 12.4 miles of sanitary sewer lines were TV-monitored during fiscal year 2024.

Water Reclamation Facilities. Flat Creek Water Reclamation Facility ("WRF"), an advanced secondary wastewater treatment plant, serves the majority of the City's industrial area, has a present design capacity of 12 MGD, and is permitted to discharge 12 MGD. The original plant was built in 1958 with a design capacity of 1.5 MGD. In 1974, chlorination and sludge-thickening equipment were added. In 1982, additional facilities were added to the plant to improve the primary treatment processes and sludge handling capabilities of the plant. In 1995, a major upgrade of the plant was completed, which allowed the facility to meet EPD effluent limits for ammonia-nitrogen and total residual chlorine. This upgrade included the installation of large concrete tanks and deep foundations, electrical upgrades, replacement of outdated equipment, expansion of backup electrical power, as well as preparation work for the next upgrade. Since 1999, the Flat Creek WRF has been upgraded to include an electrical system upgrade, a solids dewatering upgrade and expansion, installation of an additional dissolved air flotation unit, construction of a 7 MG equalization basin, and a modification of the disinfection process (to convert from a chlorine-based process to ultraviolet light disinfection). In fiscal year 2005, improvements were made at the plant to increase production capacity to 12 MGD and to add a new tertiary treatment process. The process includes a rapid mix chemical basin followed by a chemical reactor/clarifier for sedimentation of chemically flocculated secondary effluent suspended solids. This process is then followed by a continuously backwashed sand filtration system which is necessary to meet new EPD treatment requirements for additional phosphorous and suspended solids removal in the discharged effluent.

The plant provides grit removal and screening prior to pumping the raw wastewater to primary dissolved air flotation facilities, which serve as primary treatment. Following primary treatment, the waste is held in two 7 MG equalization basins prior to treatment in an activated sludge process, followed by solids separation by secondary clarifiers. The above-mentioned tertiary treatment process further removes phosphorus and solids. Disinfection via ultraviolet light treatment, and post aeration completes the process prior to discharge into Flat Creek upstream of Lake Lanier.

The plant is designed to pump primary and secondary sludge to a sludge blending tank. The sludge is then dewatered on-site in rotary filter presses. The resulting sludge cake is transported by a private company to an independent vendor's off-site bio-solids reclamation facility.

The Flat Creek WRF operates under a National Pollution Discharge Elimination System ("NPDES") permit issued by EPD (Permit No. GA0021156). This permit sets forth allowable flows and effluent pollutant concentrations discharge. Specifically, the permit sets limits for conventional pollutants as well as ammonia-nitrogen, phosphorus and turbidity. Effluent limitations under the current NPDES permit allow a monthly average daily discharge of 12 MGD. During fiscal year 2024, the monthly average discharge from the Flat Creek WRF was 9.2 MGD. Due to mechanical failure of equipment, the City received an Expedited Enforcement Compliance Order from EPD in February 2024 for effluent limit violations at this facility. The System implemented emergency measures to bring the Flat Creek WRF back into compliance before the equipment was repaired and returned to service. The System also conducted additional monitoring of the creek and lake downstream of the discharge and never found stressed aquatic life.

Linwood WRF is an advanced treatment facility constructed in 2007 to replace a trickling filter wastewater reclamation plant. The new 5 MGD advanced treatment facility was constructed due to changes in the EPD-mandated treatment standards for phosphorus loadings to Lake Lanier. Construction of the plant was financed partially from proceeds of notes payable through the Georgia Environmental Finance Authority (GEFA) to the State Revolving Loan Fund, which were repaid with proceeds of the Series 2014 Bonds. Flow is received through three interceptors: the Black Creek Interceptor, a 24-inch sewer, the North Interceptor, with a 15-inch and an 18-inch sewer and Slaughter House Creek Interceptor, a 12-inch sewer. The plant is an advanced treatment facility utilizing state of the art membrane filtration technology operating under an EPD approved NPDES permit (No. GA0020168). The effluent is then disinfected via ultraviolet light treatment, and post aeration completes the process prior to discharge to Lake Lanier through a submerged outfall. In 2020, the City constructed a new outfall into Lake Lanier with a diffuser design minimizing impacts to Lake Lanier. The resulting sludge is dewatered as described above, but with a belt press, and transported off site to a bio-solids reclamation facility by a private

company. The plant has a design treatment capacity of 5.0 MGD. The current NPDES permit allows a maximum monthly average flow of 5 MGD. Average annual daily flow for fiscal year 2024 was approximately 2.8 MGD. Due to high strength wastewater received from a local industry that experienced wastewater pre-treatment exceedances, the City received an Expedited Enforcement Compliance Order from EPD in February 2024 for effluent limit violations for one month.

Sewer System Service Area Expansion. The City has continued to construct sewer lines and pump stations around the perimeter of the City to provide future sewer capacity as annexations occur. The City provides sewer service inside the City limits without limitation and outside the City limits only if the homeowner agrees to be annexed into the City if their property becomes contiguous to the City, unless otherwise approved by the Governing Body.

Sewer System Contracts. Pursuant to contracts entered into between the City of Gainesville and Hall County over the past decade, the County has acquired 1 MGD of the City's wastewater treatment capacity for a total of \$14.7 million, paid from a one-cent Special Purpose Local-Option Sales Tax (SPLOST). In a contract initially entered into in 2013 between the City and the County, this amount was credited toward the infrastructure cost (debt service component) of providing sewer service to the Gateway Industrial Park, located on Georgia Highway 365, just north of Gainesville. The latest agreement stipulates the City will charge the County only the transportation and treatment costs of the wastewater received from this area which, currently, is a calculated cost of \$6.78 per 1000 gallons. This agreement is currently being updated to allow the 1 MGD to come into the System at multiple locations, revise the rate calculation, and other provisions.

Environmental Services

The four services managed by Environmental Services, a department of the City, are the Water Quality Laboratory, the Industrial Pretreatment Program, the Water Conservation Program, and the Environmental Monitoring Program. The Environmental Services Laboratory is responsible for both quality control and quality assurance. The Lab's efforts support the successful operation of the System, assuring a high quality of drinking water and providing for the protection and improvement of the community's water resources. All tests (to ensure compliance) are conducted in accordance with the United States Environmental Protection Agency and the EPD guidelines. Industrial pretreatment enforcement is in compliance with Federal Clean Water Act mandates.

Environmental Services staff also routinely conducts site inspections of creeks, streams, and areas around Lake Lanier to aid in the enforcement of water quality standards. Environmental Services personnel are also actively involved in watershed protection and public education through participation in the Metropolitan North Georgia Water Planning District, Georgia Association of Water Professionals, and the Georgia Adopt-A-Stream program. City staff has adopted segments of Flat Creek, conducting clean-ups to improve water quality and emphasize good stewardship of resources. The water conservation staff routinely conducts educational workshops through coordinated efforts with local schools and civic organizations.

The System's Service Area

The System generally supplies water to residential, multi-family, commercial and industrial customers located within the County. The System presently supplies water to a geographic area of approximately 393 square miles containing an estimated population in excess of 221,913. At June 30, 2024, the System had a customer base of approximately 61,422 active water accounts.

Approximately 21% of the 61,422 water customer accounts are located inside the corporate limits of the City. The remaining customer accounts are outside the corporate limits of the City in the cities of Clermont, Flowery Branch, Braselton, and Oakwood, as well as the unincorporated areas of Hall County between each city. Approximately 90% of the total customers are residential/multi-family customers, with the remaining 10% comprising either industrial or commercial customers. Customers of the water system have been projected by the financial consultant for the City to increase by 1.2% annually over the next five years based on recent growth patterns.

Based on metered consumption figures for the 12-month period from July 2023 to June 2024, the average monthly residential/multi-family water usage for customers inside the City limits was 6,817 gallons. For the same time period, the average monthly residential/multi-family water usage for customers outside the City limits was 4,644 gallons.

Approximately 75% of the 14,228 active sewer customer accounts are located inside the corporate limits of the City. The remaining customer accounts are outside the corporate limits of the City, and are located in the city of Oakwood and in unincorporated Hall County. Sewer services are provided to a geographic area of approximately 70 square miles containing an estimated population in excess of 50,000. Customers of the sewer system have been projected by the financial consultant for the City to increase by 1.2% annually over the next five years.

Georgia Service Delivery Strategy Act

In 1997 the Georgia General Assembly passed House Bill 489, also known as “The Georgia Service Delivery Strategy Act” (“GSDSA”). The legislation required each county government and the municipalities within each county to develop a joint strategy for delivery of services within the particular county, including delivery of water and sewer services.

Each strategy included (i) an identification of all services presently provided in the county by cities, counties and authorities; (ii) an assignment of which local government will be responsible for providing which service in what area of the county; (iii) a description of how all services will be funded; and (iv) an identification of intergovernmental contracts, ordinances, and resolutions to be used in implementing the strategy, including existing contracts. The City performed water rate differential studies in 1991, 1994 and 1997. The City and County conducted a joint rate differential study in 1998, and the final report was issued May 1, 1999. Updates to the 1999 study were issued in 2005, 2014 and 2019. The City has consistently implemented a rate differential for inside-City and outside-City water rates which is less than the calculated rate differential from the past two studies. The current water rate differential is 1.9 times. The City currently does not have a rate differential in place for inside-City and outside-City sewer rates.

The County, along with the City and the other municipalities, entered into an agreement under GSDSA reconfiguring the sewer district service areas within Hall County. Braselton, Clermont and Gillsville were acknowledged as service providers within the County. Several additional partnership areas were designated either between adjacent municipalities or between the County and municipalities. The development and implementation of the strategy for the County has not had a significant effect on the operations and revenues of the System.

Water and Sewer Customers

Water Demand. Set forth below is information concerning the demand for water service from the System for the past five fiscal years.

	Historical Water System Demands				
	Fiscal Years Ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Average Daily Demand (MGD)	19.27	19.40	19.70	20.50	21.44
Maximum Daily Demand (MGD)	24.83	24.82	26.91	27.72	29.05

Source: System Records.

Set forth below are the average daily flows at the City’s water reclamation facilities for the past five fiscal years.

	Average Daily Demand (MGD)				
	Fiscal Years Ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Linwood WRF	2.8	2.9	2.7	2.6	2.8
Flat Creek WRF	<u>8.4</u>	<u>8.5</u>	<u>8.5</u>	<u>9.1</u>	<u>9.2</u>
Total	<u>11.2</u>	<u>11.4</u>	<u>11.2</u>	<u>11.7</u>	<u>12.0</u>

Set forth below is the number of active connections to the water system as of the dates shown.

	Water System Active Customer Accounts				
	Fiscal Years Ended June 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	50,525	51,789	53,512	54,648	55,517
Commercial	4,480	4,610	4,754	4,816	4,935
Industrial	<u>268</u>	<u>266</u>	<u>263</u>	<u>265</u>	<u>269</u>
Fire Line	<u>586</u>	<u>605</u>	<u>636</u>	<u>656</u>	<u>701</u>
Total Accounts	<u>55,859</u>	<u>57,270</u>	<u>59,165</u>	<u>60,385</u>	<u>61,422</u>

Source: System Records – Reporting Active Customer Accounts only for the fiscal year ended June 30.

Set forth below is the number of active connections to the sewer system as of the dates shown.

	Sewer System Active Customer Accounts				
	Fiscal Years Ended June 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	9,883	10,298	10,966	11,336	11,790
Commercial	2,184	2,197	2,232	2,276	2,310
Industrial	<u>129</u>	<u>128</u>	<u>128</u>	<u>129</u>	<u>128</u>
Total Accounts	<u>12,196</u>	<u>12,623</u>	<u>13,326</u>	<u>13,741</u>	<u>14,228</u>

Source: System Records - Reporting Active Customer Accounts only for the fiscal year ended June 30.

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Largest System Customers. Listed below are the 10 largest users of the System for the fiscal year ended June 30, 2024.

<u>Customer</u>	<u>Business/ Product</u>	<u>Average Monthly Usage⁽¹⁾</u>	<u>Total Water Billings</u>	<u>Total Sewer Billings</u>	<u>Total Billings</u>	<u>Percentage of Operating Revenues⁽²⁾</u>
Fieldale Farms	Poultry	40,997,527	\$2,921,590.63	\$6,639,214.49	\$9,560,805.12	10.3%
Pilgrim's Pride	Poultry	41,431,194	1,777,957.88	5,016,804.28	6,794,762.16	7.3
MarJac Poultry, Inc.	Poultry	42,470,330	1,804,699.08	4,915,972.19	6,720,671.27	7.3
Gold Creek LLC	Poultry	13,100,192	810,175.36	1,599,302.02	2,409,477.38	2.6
NE Georgia Health Systems	Health Care	10,887.856	620,513.38	978,318.95	1,598,832.33	1.7
John Soules Acquisitions LLC Pro View Foods	Manufacturer- Poultry Products	6,713,851	285,284.54	833,320.20	1,118,604.74	1.2
Cargill, Inc	Manufacturer- Soybean Products	9,568,115	411,147.56	385,534.83	796,682.39	0.9
Hall County Commissioners	Local Govt. Manufacturer -	2,258,534	125,422.83	669,977.88	795,400.71	0.9
Shasta Beverages Inc	Beverages	6,934,969	294,627.84	319,801.01	614,428.85	0.7
Hall County Board of Ed	School System	<u>3,389,139</u>	<u>282,509.89</u>	<u>273,182.94</u>	<u>555,692.83</u>	<u>0.6</u>
Total		<u>177,751,707</u>	<u>\$8,756,791.26</u>	<u>\$21,038,444.84</u>	<u>\$29,795,236.10</u>	<u>33.5%</u>

(1) Amounts shown are the applicable number of units of gallons of water.

(2) Total estimated operating revenues of the System for the fiscal year ended June 30, 2024 were \$92,427,168.36.

Source: System Records.

Rates, Fees and Charges

Water Rates and Connection Fees. In October 2020, the Governing Body approved a set of rates and charges to be implemented annually through 2031. This rate ordinance provides for an increase of 1.9% per year for the account servicing fee, the unit rate for water, and the unit rate for sewer.

Monthly charges for water and sewer services generally consist of an account service fee (currently \$6.53 for all accounts), and a volume charge. In addition, connection fees varying by water meter size are charged to new customers connecting to the water and sewer system.

A deposit, based on meter size is required from all customers in advance. Deposits may be waived when the customer receives a satisfactory consumer credit report, or they have demonstrated good payment history with the System. Deposit refunds are mailed after the final bill is processed for closed accounts.

The water and sewer rates for all customers within each class of service within the City are uniform and outside the City are uniform. Other than water service provided to fire hydrants, the City does not provide any free water or sewer service. Set forth below are the current rates and water connection fees.

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Water Rate Schedule

User Type	Consumption	Monthly charge (Rates per 1,000 gallons)	
		Inside City	Outside City
Residential	0-2000 gallons	\$2.82	\$5.36
	2,001-5,000 gallons	\$3.58	\$6.80
	5,001-8,000 gallons	\$4.48	\$8.51
	Over 8000 gallons	\$7.16	\$13.60
Commercial & Multifamily (billing is based on % of average)	≤125%	\$3.58	\$6.80
	>125% - 180%	\$4.48	\$8.51
	> 180%	\$7.16	\$13.60
Irrigation		\$7.16	\$13.60
General Industry		\$3.58	\$6.80

Water Tap & Meter Fees. The water tap and meter fees are as follows:

<u>Item</u>	<u>Tap & Meter</u>
¾-inch	\$1,073
1-inch	1,600
2-inch	3,600
3-inch to 8-inch	Charged at actual cost

Water System Connection Fees. The charges for water system connection and administrative fees, which are in addition to tap and meter fees, are as follows:

<u>Meter Size</u>	<u>Current Fees⁽¹⁾</u>	
	<u>Connection Fees</u>	<u>Administrative Fees</u>
¾-inch	\$ 1,726	\$ 51
1-inch	4,765	143
2-inch	15,248	457
3-inch	30,496	915
4-inch	47,650	1,430
6-inch	95,300	2,859
8-inch	152,480	4,574

⁽¹⁾ System Records.

Sewer Rates and Connection Fees. Currently, residential sewer charges are based on 95% of monthly water meter readings and no wastewater will be billed for residential accounts above 8,000 gallons. Commercial, Industrial and Multi-Unit sewer charges are based on 100% of monthly water meter readings. Charges are per 1,000 gallons. All classes of sewer users that purchase water service from the City are billed for sewer at the following monthly rates:

<u>Current Rates</u>	
Inside City	\$10.45
Outside City	10.45
Oakwood District	10.66

In addition, a surcharge is placed on all commercial and industrial users of each milligram of pollutant loading exceeding 250 milligrams per liter (mg/l) BOD (biochemical oxygen demand), 250 mg/l suspended solids (TSS), 100 mg/l oil and grease (FOG), 40 mg/l Kjeldahl Nitrogen (TKN), and 10 mg/l phosphorus. These charges are as follows:

<u>Pollutant</u>	<u>Concentration (mg/l)</u>	<u>Surcharge (dollars per mg/l per 100 cubic feet)</u>
BOD	250-500	\$.0025
	501-700	.0067
	701-900	.0076
	Over 900	.0115
TSS	250-500	.0019
	501-700	.0047
	701-900	.0052
	Over 900	.0096
FOG	100-125	.0067
	126-150	.0160
	151-175	.0187
	Over 175	.0374
Phosphorus	7-11	.0294
	12-15	.0655
	16-20	.0775
	Over 20	.1497
TKN	40-75	.0066
	76-100	.0174
	101-135	.0214
	Over 135	.0428

Sewer Tapping Fees. For a 6-inch service line serving a single dwelling or commercial unit, the sewer tapping fee is \$900.00. Sanitary sewer service lines larger than 6 inches are charged an additional fee at actual cost per inch.

Sewer Connection Fees. For all new users of the sewer system (inside or outside the City corporate limits), the sewer connection fees, which are in addition to the tapping fees, are set forth below.

<u>Size of Water Tap (Meter) (Inches)</u>	<u>Sewer Connection Fee</u>	<u>Administrative Fee</u>
¾"	\$ 3,570	\$ 107
1"	9,683	290
2"	30,984	930
3"	61,968	1,859
4"	96,825	2,905
6"	193,650	5,810
8"	309,840	9,295

Miscellaneous Fees

Fire Hydrant Meter Rental Fees. A deposit and an application fee, based on meter size, is charged for rental of fire hydrant meters, in addition to charges for the water consumed which will be calculated monthly using the Tier 3 fee, currently \$7.16 per month for inside-City customers and \$13.60 per month for outside-City customers. A late read fee is charged for any meter not returned for reading by the scheduled deadline. The deposit is refunded upon return of the undamaged meter. If a meter is damaged, the repair cost will be deducted from the deposit. Deposits are not refunded for lost meters.

<u>Meter Size</u>	<u>Deposit</u>	<u>Application Fee (Current)</u>	<u>Late Read Fee</u>
¾-inch	\$ 375	\$ 45	\$150
3-inch	2,450	45	150

Fire Hydrant Flow Testing Fee. A fee of \$110 is charged for work performed for purposes of testing fire hydrants for adequate flow and pressure to meet fire flow requirements.

Rate Comparison

The following table reflects the monthly water and sewer bills, assuming a monthly volume of 7,000 gallons, for the average residential customer residing in service areas in northern Georgia comparable in size to the City’s service area, as well as two counties contiguous to metropolitan Atlanta which have experienced significant growth similar to the growth in the City and the County.

	<u>Athens–Clarke Co.</u>	<u>Cherokee Co.</u>	<u>Gwinnett Co.</u>	<u>Rockdale Co.</u>	<u>Gainesville</u>	
					<u>Inside City</u>	<u>Outside City</u>
Water	\$66.09	\$39.30	\$46.21	\$49.44	\$31.87	\$54.67
Sewer	<u>60.69</u>	<u>48.35</u>	<u>70.64</u>	<u>73.08</u>	<u>69.49</u>	<u>69.49</u>
Total	\$126.78	\$87.65	\$116.85	\$122.52	\$101.36	\$124.16

Source: Environmental Finance Center at the University of North Carolina, Chapel Hill and System Records.

Rate Setting Process

Under Georgia law, the City has the exclusive authority to establish rates and charges for water and sewer services supplied by the System. The rates charged by the City for water and sewer services supplied by the System are not subject to review or approval by any federal or state regulatory body. However, see “THE SYSTEM – Georgia Service Delivery Strategy Act” herein. The Governing Body establishes the rates, which are subject to change at any time as the Governing Body deems advisable. The Governing Body adopts rate schedules by ordinance after recommendations from the staff of the System. As discussed above, in October 2020, the Governing Body approved a set of rates and charges to be implemented annually through 2031. This rate ordinance provides for an increase of 1.9% per year for the account servicing fee, the unit rate for water, and the unit rate for sewer. The staff of the System conduct periodic reviews of the rate structure to determine if modifications are needed. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2024 BONDS – Rate Covenant” for a description of the City’s agreements concerning the rates, fees and charges for the services, facilities and commodities to be furnished by the System. No statutory or charter procedures are required as a condition precedent to a change in rates.

Billing

Bills are due and payable 20 days from the billing date. A penalty of 10% is added to any balance not paid by the due date. Water service will be disconnected when one month’s bill is 10 days past due or when partial

payments are made on accounts over 30 days past due. A \$40.00 fee is required each time the account becomes delinquent to the extent the system initiates a cutoff of the account. This fee is owed if payment is not received by 5 PM on the Monday prior to the scheduled disconnect.

Governmental Approvals and Environmental Regulation

Water Withdrawal. The Georgia Water Quality Control Act authorizes the EPD to regulate the withdrawal of water from lakes and streams in Georgia. The City currently holds a permit for withdrawal of raw water in the following amounts from Lake Lanier.

<u>Raw Water Source</u>	<u>Permitted Withdrawal (MGD)</u>		<u>Fiscal 2024 Actual Withdrawal (MGD)</u>	
	<u>Monthly Average</u>	<u>One Day Maximum</u>	<u>Annual Average</u>	<u>One Day Maximum</u>
Lake Lanier	30	35	22.27	31.10

Water Treatment. EPD also regulates public systems in Georgia in accordance with the Safe Drinking Water Act and the Georgia Safe Drinking Water Act. EPD has issued to the City operating permits for the treatment of water in the following amounts at the following water treatment facilities.

<u>Water Treatment Source</u>	<u>Permitted Treatment Capacity (MGD)</u>		<u>Fiscal 2024 Actual Treatment Flow (MGD)</u>	
	<u>Monthly Average</u>	<u>One Day Maximum</u>	<u>Annual Average</u>	<u>One Day Maximum</u>
Riverside	25	25	12.46	20.49
Lakeside	10	10	8.85	10.00

Wastewater Treatment. The City’s wastewater operations are subject to the regulatory requirements imposed by the federal Water Pollution Control Act, as amended (the “Clean Water Act”) and the Georgia Water Quality Control Act. The federal Environmental Protection Agency (“EPA”) and the EPD administer the regulatory requirements. EPD has issued to the City operating permits for the treatment of wastewater in the following amounts at the following wastewater treatment plants.

<u>Water Reclamation Facility</u>	<u>Permitted Treatment Capacity (MGD)</u>		<u>Fiscal 2024 Actual Treatment Flow (MGD)</u>	
	<u>30 Day Average</u>	<u>7 Day Maximum</u>	<u>30 Day Average</u>	<u>Monthly Maximum</u>
Flat Creek WRF	12.00	15.00	9.20	10.30
Linwood WRF	5.00	6.25	2.80	3.10

Insurance

The City maintains all insurance relating to the City’s assets, including System assets. Property and general liability claims are insured through a private insurance carrier and are subject to various deductibles that are paid from City funds. The City self-insures for healthcare and workers’ compensation. The City uses the services of a broker and a third-party administrator to determine the self-insurance funding requirements using data from the City’s claims history. See footnote 15 of the City’s financial statements in Appendix B hereto for more information about its self-insurance program.

Under Georgia law, the defense of sovereign immunity is available to the City, except for actions for the breach of written contracts, inverse condemnation, and actions for the recovery of damage for any claim for which liability insurance protection has been provided, but only to the extent of the liability insurance provided. The City,

however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers.

SYSTEM FINANCIAL INFORMATION

Accounting System and Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governments. See note 2 of the audited financial statements of the City attached as Appendix B for a detailed discussion of the City's significant accounting policies.

Historical Statements of Net Position

Set forth below is a historical, comparative summary of the assets, liabilities and net position of the System for the fiscal years 2019-2023 (the most recent information available). The information in the following table for the years 2019 through 2023 has been extracted from audited financial statements of the City. Although taken from the audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown fairly presents the financial position of the System as of the end of the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City, copies of which are available from the City upon request. The Statement of Net Position is not yet available for the fiscal year ended June 30, 2024.

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	Fiscal Years Ended June 30,				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 38,379,761	\$ 19,142,300	\$ 28,159,357	\$ 13,135,013	\$ 16,375,961
Investments	—	20,659,437	18,626,410	28,429,371	26,346,855
Restricted assets:					
Cash and cash equivalents	77,559,209	45,212,572	57,038,249	37,857,141	48,111,506
Investments	—	32,877,518	28,012,275	58,141,280	58,880,888
Receivables (net):					
Accounts	5,167,628	4,442,085	4,444,559	3,907,352	5,709,379
Intergovernmental	216,266	—	1,746,698	3,003,486	12,537,862
Other	20,684	21,075	13	8,127	8,574
Due from other funds	10,017,622	10,017,622	10,017,622	—	—
Inventories	1,663,480	1,860,347	1,790,335	2,189,401	2,655,549
Prepaid items	—	5,703	945	130,612	82,492
Total current assets	<u>133,024,650</u>	<u>134,238,659</u>	<u>149,836,463</u>	<u>146,801,783</u>	<u>170,709,066</u>
Non-current assets					
Property held for development	—	—	—	2,971,111	2,480,264
Capital assets:					
Non-depreciable:	71,150,853	69,459,367	78,378,344	97,096,241	148,786,010
Depreciable/amortizable (net)	<u>399,036,144</u>	<u>412,940,271</u>	<u>410,536,735</u>	<u>410,600,600</u>	<u>399,795,440</u>
Total non-current assets	<u>470,186,997</u>	<u>482,399,638</u>	<u>488,915,079</u>	<u>510,667,952</u>	<u>551,061,714</u>
Total assets	<u>603,211,647</u>	<u>616,638,297</u>	<u>638,751,542</u>	<u>657,469,735</u>	<u>721,770,780</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	237,639	93,885	22,574	—	—
Deferred outflows related to pensions	2,921,361	2,695,233	1,923,845	3,750,003	5,781,634
Deferred outflows related to other post-employment benefits	658,912	1,071,912	2,284,999	2,190,257	1,953,494
Total deferred outflow of resources	<u>3,817,912</u>	<u>3,861,030</u>	<u>4,231,418</u>	<u>5,940,260</u>	<u>7,735,128</u>
LIABILITIES					
Current liabilities					
Payables:					
Accounts	1,596,364	976,966	1,700,668	1,284,738	3,150,717
Intergovernmental	827,429	923,685	1,249,610	1,381,120	1,557,251
Interest	—	—	—	—	1,500
Unearned revenue	—	—	5,540,210	—	—
Accrued salaries	395,785	457,862	540,776	563,680	223,160
Compensated absences	656,721	855,114	717,314	684,289	770,879
Lease/subscription payable	—	—	—	—	222,666
Contracts payable	1,261,588	1,261,588	1,261,588	1,261,588	1,261,588
Liabilities payable from restricted assets:					
Payables:					
Accounts	2,475,704	2,256,537	2,720,767	2,687,477	5,290,449
Retainages	779,916	1,186,299	1,133,450	2,175,424	4,272,239
Customer deposits	2,320,129	2,262,826	2,241,146	2,307,513	2,427,173
Interest	360,262	332,299	279,957	226,500	187,125
Revenue bonds payable	<u>12,615,000</u>	<u>15,663,739</u>	<u>16,013,739</u>	<u>7,348,739</u>	<u>6,688,739</u>
Total current liabilities	<u>23,288,898</u>	<u>26,176,915</u>	<u>33,399,225</u>	<u>19,921,068</u>	<u>26,053,486</u>
Non-current liabilities					
Compensated absences,	72,969	95,013	79,702	76,032	85,653
Net pension liability	19,093,839	18,974,239	9,958,868	20,271,021	24,071,650
Net OPEB liability	9,498,305	9,757,735	11,271,010	11,607,021	8,013,491
Lease/subscription payable	13,877,468	12,615,880	11,354,292	—	380,986
Contracts payable	—	—	—	10,092,704	8,831,116
Notes payable	—	—	1,766,224	7,734,375	36,911,937
Revenue bonds payable	<u>75,695,630</u>	<u>58,983,151</u>	<u>42,969,411</u>	<u>35,620,672</u>	<u>28,931,933</u>
Total non-current liabilities	<u>118,238,211</u>	<u>100,426,018</u>	<u>77,399,507</u>	<u>85,401,825</u>	<u>107,226,766</u>
Total liabilities	<u>141,527,109</u>	<u>126,602,933</u>	<u>110,798,732</u>	<u>105,322,893</u>	<u>133,280,252</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	2,116,025	2,107,432	8,471,767	1,135,226	441,203
Deferred inflows related to other post-employment benefits	3,469,005	2,794,303	2,119,601	1,453,559	3,905,241
Total deferred outflow of resources	<u>5,585,030</u>	<u>4,901,735</u>	<u>10,591,368</u>	<u>2,588,785</u>	<u>4,346,444</u>
NET POSITION					
Net investment in capital assets	364,408,087	390,877,551	412,776,416	440,786,848	468,260,016
Restricted for:					
Capital outlay	67,584,347	66,560,802	72,686,804	89,701,165	100,890,953
Debt service	7,294,471	8,561,194	8,784,383	3,752,256	3,487,142
Unrestricted	<u>20,630,515</u>	<u>22,995,112</u>	<u>27,345,257</u>	<u>21,258,048</u>	<u>19,241,101</u>
Total net position	<u>\$459,917,420</u>	<u>\$488,994,659</u>	<u>\$521,592,860</u>	<u>\$555,498,317</u>	<u>\$591,879,212</u>

Historical Statements of Revenues, Expenses and Changes in Net Position

Set forth below is a historical, comparative summary of the revenues, expenses and changes in net position of the System for the last six fiscal years. The information in the following table for the fiscal years ended June 30, 2019 through June 30, 2023 has been extracted from the audited financial statements of the City. Although information was taken from the financial statements, no representation is made that the information is comparable from year to year, or that the information as shown presents fairly the financial results of the System for the fiscal years shown. The information in the following table for the fiscal year ended June 30, 2024, has been compiled by the City's Finance Department and is presented in accordance with generally accepted accounting principles as applied to governments. For more complete information, reference is made to the City's complete audited financial statements, copies of which are available from the City upon request.

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	Fiscal Years Ended June 30,					(Unaudited)
	2019	2020	2021	2022	2023	2024 ⁽¹⁾
OPERATING REVENUES						
Charges for sales and services ⁽²⁾	\$ 74,135,037	\$ 73,915,527	\$ 76,119,056	\$ 77,799,111	\$ 80,946,872	\$85,752,901
Other	64,161	120,604	144,005	450,461	76,332	103,020
Total operating revenues	<u>74,199,198</u>	<u>74,036,131</u>	<u>76,263,061</u>	<u>78,249,572</u>	<u>81,023,204</u>	<u>85,855,920</u>
OPERATING EXPENSES						
Costs of sales and services	22,379,999	22,997,951	24,465,086	22,073,899	26,098,751	30,890,835
Personal services	13,934,033	13,546,093	11,730,999	15,549,945	17,502,804	18,962,209
Depreciation	15,334,337	15,794,316	16,517,130	16,771,646	17,259,807	15,968,320
Total operating expenses	<u>51,648,369</u>	<u>52,338,360</u>	<u>52,713,215</u>	<u>54,395,490</u>	<u>60,861,362</u>	<u>65,821,364</u>
Total income (loss)	<u>22,550,829</u>	<u>21,697,771</u>	<u>23,549,846</u>	<u>23,854,082</u>	<u>20,161,842</u>	<u>20,034,557</u>
Non-operating revenues (expenses)						
Investment revenue	3,529,834	3,410,956	1,910,906	(1,658,124)	2,934,255	8,387,345
Interest expense	(3,332,805)	(2,901,603)	(2,484,150)	(2,009,550)	(1,641,889)	(1,389,601)
Debt issue costs	—	—	(605,000)	—	—	—
Distribution of capital assets to the Governmental Activities	—	—	(19,617)	—	—	—
Gain (loss) on sale of property held for development	—	—	—	5,052,506	10,206,589	3,270,971
Gain (loss) on sale of capital assets	<u>(78,521)</u>	<u>4,681</u>	<u>(41,649)</u>	<u>17,170</u>	<u>3,110</u>	<u>144,923</u>
Total non-operating revenues (expenses)	<u>118,508</u>	<u>514,034</u>	<u>(1,239,510)</u>	<u>1,402,002</u>	<u>11,502,065</u>	<u>10,413,638</u>
Income (loss) before capital contributions and transfers	<u>22,669,337</u>	<u>22,211,805</u>	<u>22,310,336</u>	<u>25,256,084</u>	<u>31,663,907</u>	<u>30,448,195</u>
Capital contributions:						
Connection fees	4,363,061	3,740,514	6,243,545	6,904,881	5,132,734	5,932,425
Capital contributions	<u>4,125,321</u>	<u>6,425,403</u>	<u>6,804,208</u>	<u>11,707,493</u>	<u>6,194,043</u>	<u>14,348,708</u>
Total capital contributions	<u>8,488,382</u>	<u>10,165,917</u>	<u>13,047,753</u>	<u>18,612,374</u>	<u>11,326,777</u>	<u>20,281,133</u>
Income (loss) before transfers	<u>31,157,719</u>	<u>32,377,722</u>	<u>35,358,089</u>	<u>43,868,458</u>	<u>42,990,684</u>	<u>50,729,328</u>
Transfers in (out)						
Transfers in	—	—	780,702	3,431,418	214,959	—
Transfers out	<u>(3,982,082)</u>	<u>(3,300,483)</u>	<u>(3,540,590)</u>	<u>(13,394,419)</u>	<u>(6,877,900)</u>	<u>(1,494,676)</u>
Total transfers in (out)	<u>(3,982,082)</u>	<u>(3,300,483)</u>	<u>(2,759,888)</u>	<u>(9,963,001)</u>	<u>(6,662,941)</u>	<u>(1,494,676)</u>
Change in net position	27,175,637	29,077,239	32,598,201	33,905,457	36,327,743	49,234,652
Net position, July 1, restated	<u>432,741,783</u>	<u>459,917,420</u>	<u>488,994,659</u>	<u>521,592,860</u>	<u>555,551,469</u>	<u>591,879,212</u>
Net position, June 30	<u>\$459,917,420</u>	<u>\$488,994,659</u>	<u>\$521,592,860</u>	<u>\$555,498,317</u>	<u>\$591,879,212</u>	<u>641,113,864</u>

⁽¹⁾ Unaudited.

⁽²⁾ Includes water sales, sewer charges, and tap fees.

Operating Budget

Annual budgets are prepared by the City for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds (Enterprise Funds and Internal Service Funds). The System is accounted for as an Enterprise Fund. These budgets lapse at the end of the fiscal year. Budgets are also prepared for Capital Projects but do not lapse until project completion.

The budget process begins each year with a budget priority setting workshop in which members of the Governing Body indicate various issues of importance to be considered in the budget. Once the priorities are established, the Budget and Purchasing Manager prepares estimates of both the current and proposed fiscal-year revenue for all funds. Expenditure requests for the proposed fiscal year are initially prepared by the responsible department director. The budget requests are analyzed by the Budget and Purchasing Manager and reviewed with the department head by the City Manager and Chief Financial Officer. The Budget and Purchasing Manager assists the City Manager in shaping a budget package which is submitted to the Governing Body. A workshop is also held by the City to solicit budget input from the public. The Governing Body makes any necessary adjustments to the budget, which is then adopted by the Governing Body on or before June 30 during a regular Council meeting.

The budget is adopted on a cash basis. The accounting system uses formal budgetary integration as a management control device. Encumbrances are recorded to prevent expenditures from exceeding the budgeted amounts. The City's accounting records for governmental type funds are maintained on a modified accrual basis. This method records revenues when available and measurable and records expenditures when the services or goods are received and the liabilities are incurred. Accounting records for enterprise type funds are maintained on the accrual basis, with revenues recorded when earned and measurable and expenses recorded when the services or goods are received and the liabilities are incurred.

Budget adjustments during the year may be required due to situations which were unforeseen prior to the adoption of the budget. Department directors may request budget adjustments through the Administrative Services Department, provided the budget adjustment does not increase the overall budget for that department or effect personal services or capital outlays categories. Any additional budget adjustments related to personnel, capital outlay, or overall dollar increases must be approved by the Governing Body. The City has implemented a quarterly adjustment system. Any projects approved during the quarter, any additions, and any unforeseen changes will be incorporated in the quarterly budget adjustments. This procedure allows the City better documentation of the adjustments.

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Set forth below is the System’s operating budget for fiscal year 2025, which was approved on July 2, 2024. This budget is based upon certain assumptions and estimates of the staff regarding future events, transactions, and circumstances. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

Fiscal Year 2025 Operating Budget

REVENUES AND OTHER SOURCES

Water Revenue	\$ 36,000,000
Water Connection Administration Fees	73,455
Water Tapping Fees	1,131,354
Account Service Fees	4,546,381
Other Service Fees	1,442,535
Late Payment Penalty	689,622
Sewer Revenue	35,420,911
Surcharge	1,200,000
Sewer Tapping Fees	41,040
Sewer Connection Administration Fees	37,814
Interest on Investments	400,000
Transfers In	2,075,598
Miscellaneous	87,117
Budgeted Net Position	<u>17,134,730</u>
Total operating revenues and other sources	<u>\$100,280,557</u>

EXPENDITURES AND OTHER USES

Sanitary Sewer	\$ 4,829,131
Flat Creek Water Reclamation Facility	11,309,873
Linwood Water Reclamation Facility	4,754,776
Lakeside Water Treatment	3,594,758
Riverside Water Treatment	6,902,232
Water Distribution	7,470,133
Maintenance	6,414,427
Engineering and Construction	5,123,215
Customer Account Services	4,666,618
Environmental Services	2,710,363
Finance and Administration	4,151,356
Debt Service	9,489,243
Transfers Out	<u>28,864,432</u>
Total expenditures and other uses	<u>\$100,280,577</u>

Management Discussion and Analysis

Operating revenues for the System during fiscal years 2019 through 2023 ranged from a low of \$74 million in fiscal year 2020 to a high of \$85 million in fiscal year 2024 (unaudited), with the largest increase in operating revenues of approximately 5.9% occurring between fiscal year 2023 and 2024. Increasing revenues are due to meter sales and an increasing number of active accounts. The number of active accounts is increasing as construction of new housing is completed and new customers begin using water.

Increases in non-operating revenues are due to land sales and contributed capital. These non-operating revenues represent one-time or variable revenue and are not representative of revenues generated by the operation of the System.

Operating expenses for the System increased from \$51.6 million in fiscal year 2019 to \$65.8 million in fiscal year 2024 (unaudited), an increase of 17.8%. The largest increase in operating expenses of approximately 11.8% occurred between fiscal year 2022 and fiscal year 2023. Increasing operating expenses reflect the rising costs

of electric power, chemicals, and solids handling. Pipe and other materials have also increased in price. The City has responded to these increases by optimizing operations, especially related to electric power. Lighting has been replaced with more efficient fixtures and installed variable frequency drives have been installed on large equipment for energy efficiency.

Debt service coverage of debt secured by revenue of the System (which excludes the GEFA/SRF Loans) has ranged from a low of 2.83x in fiscal year 2021 to a high of 7.19x in fiscal year 2024 (unaudited).

Debt Service Requirements

The following table sets forth the City’s annual debt service requirements for the Series 2014 Bonds and assumes the issuance of the Series 2024 Bonds* during each fiscal year.

City of Gainesville, Georgia
Consolidated Debt Service Requirements for Water and Sewer Bonds

Fiscal Year Ending <u>June 30</u>	Series 2014 Bonds			Series 2024 Bonds*			Total Debt <u>Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2025	\$ 5,800,000	\$1,070,000	\$ 6,870,000	—	\$	\$	\$
2026	—	—	—	\$ 4,765,000			
2027	—	—	—	5,200,000			
2028	—	—	—	3,860,000			
2029	—	—	—	3,715,000			
2030	—	—	—	1,955,000			
2031	—	—	—	2,050,000			
2032	—	—	—	2,155,000			
2033	—	—	—	2,260,000			
2034	—	—	—	2,375,000			
2035	—	—	—	2,495,000			
2036	—	—	—	2,615,000			
2037	—	—	—	2,750,000			
2038	—	—	—	2,885,000			
2039	—	—	—	3,030,000			
2040	—	—	—	3,180,000			
2041	—	—	—	3,340,000			
2042	—	—	—	3,505,000			
2043	—	—	—	3,685,000			
2044	—	—	—	3,865,000			
2045	—	—	—	4,060,000			
2046	—	—	—	4,225,000			
2047	—	—	—	4,390,000			
Total	<u>\$5,800,000</u>	<u>\$1,070,000</u>	<u>\$6,870,000</u>	<u>\$72,360,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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Historical Debt Service Coverage Ratios with and without Connection Fees

Set forth below are the historical debt service coverage ratios for the past five fiscal years.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽⁴⁾</u>
Operating Income (Including Connection Fees) ⁽¹⁾	\$25,438,285	\$29,793,391	\$30,758,963	\$25,294,576	\$25,966,982
Plus: Depreciation	15,794,316	16,517,130	16,771,646	17,259,807	15,968,320
Plus: Interest Income	<u>3,410,956</u>	<u>1,910,906</u>	<u>(1,658,124)</u>	<u>2,934,255</u>	<u>8,387,345</u>
Net Revenues Available for Debt Service ⁽²⁾	<u>\$44,643,557</u>	<u>\$48,221,427</u>	<u>\$45,872,485</u>	<u>\$45,488,638</u>	<u>\$50,322,647</u>
Debt Service on Revenue Bonds ⁽³⁾	\$15,385,244	\$17,064,024	\$16,990,828	\$7,954,500	\$6,996,000
Debt Service Coverage on Bonds	2.90x	2.83x	2.70x	5.72x	7.19x
Net Revenues w/o Connection Fees ⁽¹⁾	\$40,903,043	\$41,977,882	\$38,967,604	\$40,355,904	\$44,390,222
Debt Service on Revenue Bonds ⁽³⁾	\$15,385,244	\$17,064,024	\$16,990,828	\$7,954,500	\$6,996,000
Debt Service Coverage on Bonds	2.66x	2.46x	2.29x	5.07x	6.35x

⁽¹⁾ See the table included under the heading "SYSTEM FINANCIAL INFORMATION - Historical Statements of Revenues, Expenses and Changes in Net Position" for the Connection Fee revenue in each fiscal year.

⁽²⁾ Operating income (loss) of the System (before payment of bond debt service and GEFA loan debt service), plus interest income plus connection fees and plus depreciation.

⁽³⁾ Excludes debt service on notes payable to GEFA and, through GEFA, to the State Revolving Loan Fund, since the notes are not secured by revenues of the System.

⁽⁴⁾ Unaudited.

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Historical Pro-Forma Debt Service Coverage Ratios with and without Connection Fees

Set forth below are the historical pro-forma maximum annual debt service coverage ratios for the past five fiscal years.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽⁴⁾</u>
Net Revenues Available for Debt Service (Including Connection Fees) ^{(1) (2)}	\$44,643,557	\$48,221,427	\$45,872,485	\$45,488,638	\$50,322,647
Maximum Annual Debt Service on Series 2014 Bonds and Series 2024 Bonds*	\$8,323,000	\$8,323,000	\$8,323,000	\$8,323,000	\$8,323,000
Debt Service Coverage on Maximum Annual Debt Service on Series 2014 Bonds and Series 2024 Bonds*	5.36x	5.79x	5.51x	5.47x	6.05x
Maximum Annual Debt Service on Series 2014 Bonds, Series 2024 Bonds*, and GEFA Loans ⁽³⁾	\$11,400,400	\$11,400,400	\$11,400,400	\$11,400,400	\$11,400,400
Debt Service Coverage on Maximum Annual Debt Series 2014 Bonds, Series 2024 Bonds*, and GEFA Loans ⁽³⁾	3.92x	4.23x	4.02x	3.99x	4.41x
Net Revenues w/o Connection Fees ⁽¹⁾	\$40,903,043	\$41,977,882	\$38,967,604	\$40,355,904	\$44,390,222
Debt Service Coverage on Maximum Annual Debt Service on Series 2014 Bonds and Series 2024 Bonds* without Connection Fees	4.91x	5.04x	4.68x	4.85x	5.33x
Debt Service Coverage on Maximum Series 2014 Bonds, Series 2024 Bonds*, and GEFA Loans ⁽³⁾ without Connection Fees	3.59x	3.68x	3.42x	3.54x	3.89x

⁽¹⁾ See the table included under the heading "SYSTEM FINANCIAL INFORMATION - Historical Statements of Revenues, Expenses and Changes in Net Position" for the revenues allocable Connection Fees in each fiscal year.

⁽²⁾ Operating income (loss) of the System (before payment of bond debt service and GEFA loan debt service), plus interest income plus connection fees and plus depreciation.

⁽³⁾ While debt service on notes payable to GEFA and, through GEFA, to the State Revolving Loan Fund, are not secured by revenues of the System, they are shown here as they are expected to be repaid with System Revenues. Maximum annual debt service on GEFA Loans is estimated, as only one of the outstanding GEFA Loans is currently in repayment status.

⁽⁴⁾ Unaudited.

Capital Improvements Program and Additional Debt

The following table summarizes the estimated costs of capital improvements made to the System in each year for the past five fiscal years and the funding sources for such capital improvements.

<u>Fiscal Year</u>	<u>Total Cost of Capital Improvements</u>	<u>Funding Sources</u>	
		<u>System Revenues and Connection Fees</u>	<u>Debt Proceeds and Investment Earnings</u>
2020	\$ 27,687,770	\$ 27,687,770	\$ 0
2021	20,862,911	19,695,314	1,167,597
2022	29,993,180	24,025,030	5,968,150
2023	55,002,712	25,800,143	29,202,569
2024	<u>52,952,257</u>	<u>32,154,826⁽¹⁾</u>	<u>20,797,431⁽¹⁾</u>
Total	<u>\$186,498,830</u>	<u>\$97,208,257</u>	<u>\$36,338,316</u>

⁽¹⁾ 2024 Funding Sources are estimated and unaudited.

The City does not anticipate issuing any additional debt in the next three years in order to fund capital improvements to the System.

THE CITY

General

The City is a municipal corporation of the State of Georgia. The City is located in the northeast portion of the State of Georgia in the County, approximately 52 miles northeast of the City of Atlanta. The City borders Lake Lanier on the northeast side. The City had a 2020 Census population of 42,296 and an estimated population of 47,265 as of July 1, 2023. The City was originally chartered on November 30, 1821. After the end of World War II in 1945, a visionary named Jesse Jewell (1902-75) started what's become the State of Georgia's largest agricultural crop – poultry. The billion-dollar-a-year industry has earned Gainesville the nickname, "Poultry Capital of the World," as its home to numerous poultry farms and plants.

City Government

The City is governed by a mayor and five-member City Council elected by the City's registered voters. Set forth below are the names of the City Council members, their principal occupation and the expiration of their terms of office.

<u>Name</u>	<u>Principal Occupation</u>	<u>Expiration of Term</u>
Sam Couvillon, Mayor	Insurance Industry	December 2025
Danny Dunagan	Small Business Owner	December 2025
Zack Thompson	Landscaping	December 2027
Barbara B. Brooks	Retired	December 2027
Abigail Guzman	Small Business Owner	December 2025
Juli Hayes	Education	December 2027

The City employs a City Manager who is responsible for the day-to day operations of the City. The current City Manager is Bryan Lackey. He has served as City Manager since 2015. Previously, he spent 20 years in Gwinnett County Government, rising from Division Director of Stormwater Management to Director of Planning and Development in 2009. Lackey graduated from the University of Georgia in 1995 with a Bachelor of Science Degree in Agricultural Engineering. In 2005, he received a Masters' Degree in Public Administration from the University of North Georgia.

The City also employs a Chief Financial Officer to manage the City finances. The current Chief Financial Officer is Jeremy Perry. Perry obtained a Bachelor of Arts degree in Accounting at the University of North Georgia. His work experience includes over 26 years of public sector service. Perry has served as a government auditor, the Financial Services Manager at Hall County, and the Director of Finance for the City of Flowery Branch. He has many years of service with nonprofit organizations including board experience. Since 2016, he has served as the Chief Financial Officer for the City of Gainesville.

Employees, Employee Benefits and Pension Plan

Employees. The City employs 658 full-time employees. The employees of the City are not represented by a union. The City believes that it has a good relationship with its employees. The City has never experienced a strike or disruption of services.

Employee Benefits. All employees are covered by workers' compensation and unemployment insurance. In addition, the City provides employees with annual leave and other leave. The City offers dental and vision insurance plans and disability plans. The City provides healthcare benefits to its full-time and retired employees and their dependents through a self-insured plan administered by Healthgram. Under this arrangement the City is responsible for paying all claims but purchases reinsurance policies through an insurance provider that is responsible for paying claims in excess of agreed-upon specific and aggregate levels. See footnote 15 of the City's financial statements for more information about the health insurance.

The City contributes and participates in two defined benefit pension plans, a single-employer defined benefit plan ("Plan A") and an agent multiple-employer defined benefit plan ("Plan B"), and a deferred compensation plan, all as described in more detail below. The assets of each plan may only be used for the payment of benefits to members of that plan.

Pension Plan A. Plan A provides pension, death and disability benefits to substantially all full-time civil service employees of the City. Other non-civil service employees and employees who are not eligible in any other retirement program of the City are eligible for Plan B. The benefits provided by Plan A are based upon the number of years of service and depend on whether the employee was hired before July 1, 2008 or thereafter. Benefits vest after 10 years of service. The contribution requirements of plan members and the City are established by plan policy and may be amended. Currently, plan members are required to contribute 13.2% of their annual covered salary, and the City is required to contribute a matching contribution of 13.2% of annual covered payroll. As of June 30, 2023, the net pension liability for Plan A was \$68,310,205. See footnote 16 of the City's financial statements in Appendix A hereto for more information about Plan A.

Pension Plan B. Plan B provides pension, death and disability benefits to all full-time employees who are non-civil-service and who are not eligible to participate in any other plan of the City. Plan B is the Georgia Municipal Employees Benefit System Retirement Fund (GMEBS), a state-wide agent multiple-employer plan that serves as a common investment and administrative agent for municipalities of the State. Plan B is administered by the Georgia Municipal Association (GMA). Benefits are based upon the number of years of service. Benefits vest after five years of service for officials and ten years of service for employees.

Plan members do not make contributions to Plan B. The City is required to contribute at an actuarially determined rate, which as of June 30, 2023, was 4.03% of covered payroll. The net pension liability for Plan B was \$1,826,967 as of June 30, 2023. See footnote 16 of the City's financial statements in Appendix A hereto for more information about Plan B. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for Plan B. That report may be obtained by requesting a copy in writing from Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

Deferred Compensation Plan. The City offers a deferred compensation plan (the "Deferred Compensation Plan") to all full-time employees. The Deferred Compensation Plan was created under Internal Revenue Code Sections 457 and 401(a). The Deferred Compensation Plan is administered by Nationwide, an independent third party. Under the terms of the Deferred Compensation Plan, employees may defer all or a portion of their salary. The City does not contribute to the Deferred Compensation Plan.

OPEB Plan. As mentioned above, the City provides health care benefits to its retired employees and their spouses (the “OPEB Plan”). Under the OPEB Plan, the City pays between 25%-50% of the premium for the healthcare plan. City employees who retire with 20 years of service or more are eligible to participate in the OPEB Plan. The City has not elected to advance fund the OPEB Plan; the OPEB Plan is funded on a pay-as-you-go basis. The City’s contribution for the fiscal year ended June 30, 2023 was \$1,731,036. The net OPEB liability was \$24,124,786 as of June 30, 2023. See footnote 18 of the City’s financial statements in Appendix A hereto for more information about the City’s OPEB Plan and benefits.

Demographic Information

The following information is provided to give prospective investors an overview of the general demographic conditions in the City.

Population. The following table presents the population for the City, the County and the State of Georgia for the census years 1990 through 2020 and an estimate for the year 2023 (the most recent information available).

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
1990	17,885	95,428	6,478,216
2000	25,454	139,277	8,186,453
2010	33,804	179,684	9,687,653
2020	42,296	203,136	10,711,908
2023	47,265	217,267	11,029,227

Source: U.S. Census Bureau, 1990, 2000, 2010 and 2020 U.S. Census, and U.S. Census Bureau Quick Facts for 2023.

Population by Age; Median Age. The estimated median age of the City for the calendar year 2022 (the most recent information available) was 32.1 years. The following table presents the estimated population by age for the City for the calendar year 2022 (the most recent information available).

<u>Under 20 Years</u>	<u>20 to 44 Years</u>	<u>45 to 64 Years</u>	<u>65 Years and Over</u>
29.8%	35.6%	20.0%	14.6%

Source: U.S. Census Bureau, 2022 American Community Survey 5-Year Estimates.

Population by Race. The following table presents estimated population by race for the City for the calendar year 2022 (the most recent information available).

<u>White⁽¹⁾</u>	<u>Black or African American⁽¹⁾</u>	<u>American Indian and Alaska Native⁽¹⁾</u>	<u>Asian⁽¹⁾</u>	<u>Other⁽¹⁾</u>	<u>Two or More Races</u>	<u>Hispanic or Latino⁽²⁾</u>
59.1%	15.5%	0.2%	3.5%	9.0%	12.8%	36.4%

⁽¹⁾ Includes persons reporting only one race.

⁽²⁾ Hispanics may be of any race, so also are included in applicable race categories.

Source: U.S. Census Bureau, 2022 American Community Survey 5-Year Estimates.

Educational Attainment. The following table presents the estimated level of educational attainment of the population 25 years and over for the City for the calendar year 2022 (the most recent information available).

Less than 9 th grade	14.9%
9 th to 12 grade, no diploma	8.4
High school graduate (including equivalency)	27.0
Some college, no degree	18.5
Associate degree	6.2
Bachelor's degree	14.1
Graduate or professional degree	<u>11.1</u>
	<u>100.0%</u>
Percent high school graduate or higher	76.9%
Percent bachelor's degree or higher	25.2

Source: U.S. Census Bureau, 2022 American Community Survey 5-Year Estimates.

Economic Information

The following information is provided to give prospective investors an overview of the general economic condition in the City. These statistics have not been adjusted to reflect economic trends and are not to be relied upon as a representation or guarantee of the City.

Per Capita Income. The following table reflects the per capita income for the City, the State of Georgia and the United States for the calendar years 2018 through 2022 (the most recent information available).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2018	\$22,826	\$29,523	\$32,621
2019	26,411	31,067	34,103
2020	27,496	32,427	35,384
2021	30,115	34,516	37,638
2022	31,619	37,836	41,261

Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.

Median Household Income. The following table reflects median household income for the City, the State of Georgia and the United States for the calendar years 2018 through 2022 (the most recent information available).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2018	\$45,708	\$55,679	\$60,293
2019	51,520	58,700	62,843
2020	53,662	61,224	64,994
2021	57,258	65,030	69,021
2022	64,163	71,355	75,149

Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.

Household Income Distribution. The following table reflects the estimated income distribution of all households in the City for the calendar year 2022 (the most recent information available).

<u>Income</u>	<u>Percent of Population</u>
Less than \$10,000	6.3%
\$10,000 to \$14,999	5.7
\$15,000 to \$24,999	6.8
\$25,000 to \$34,999	7.9
\$35,000 to \$49,999	13.8
\$50,000 to \$74,999	20.2
\$75,000 to \$99,999	14.0
\$100,000 to \$149,999	12.7
\$150,000 to \$199,999	4.0
\$200,000 or more	<u>8.6</u>
	<u>100.0%</u>

Source: U.S. Census Bureau, 2022 American Community Survey 5-Year Estimates.

Poverty Levels. The following table reflects an estimate of the percentage of all people in the City, the State of Georgia and the United States with incomes lower than the poverty level for the calendar years 2018 through 2022 (the most recent information available).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2018	22.9%	16.0%	14.1%
2019	21.0	15.1	13.4
2020	20.8	14.3	12.8
2021	19.3	13.9	12.6
2022	16.9	13.5	12.5

Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.

Median Home Values. The following table reflects the median home value of owner occupied housing for the City, the State of Georgia and the United States for calendar years 2018 through 2022 (the most recent information available).

<u>Year</u>	<u>City</u>	<u>State</u>	<u>United States</u>
2018	\$187,700	\$166,800	\$204,900
2019	219,300	176,000	217,500
2020	230,700	190,200	229,800
2021	246,800	206,700	244,900
2022	296,400	245,900	281,900

Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.

Building Permits Summary. Set forth below are the number and estimated value of the building permits issued by the County and the City for the last five calendar years.

Hall County

	Number of Residential Permits		Total	Number of	Total
	<u>Single Family</u>	<u>Multi-Family/ Number of Units⁽¹⁾</u>	<u>Estimated Value</u>	<u>Commercial Permits</u>	<u>Estimated Value</u>
2019	557	0	\$133,313,550	94	\$ 86,935,000
2020	621	0	146,316,400	103	173,141,800 ⁽²⁾
2021	968	0	263,580,392	126	96,969,600
2022	795	0	255,207,449	125	169,337,500
2023 ⁽³⁾	850 ⁽³⁾	5/200 ⁽³⁾	300,000,000 ⁽³⁾	150 ⁽³⁾	180,000,000 ⁽³⁾

⁽¹⁾ Multifamily includes duplexes, triplexes and apartment buildings.

⁽²⁾ Includes Cherokee Bluff Middle School and Agile Cold ATL.

⁽³⁾ 2023 information is estimated.

Source: Hall County Building and Zoning Department.

City of Gainesville

	Number of Residential Permits		Total	Number of	Total
	<u>Single Family</u>	<u>Multi-Family⁽¹⁾/ Number of Units</u>	<u>Estimated Value</u>	<u>Commercial Permits</u>	<u>Estimated Value</u>
2019	255	11/270	\$ 72,202,283	20	\$119,554,968 ⁽²⁾
2020	134	8/308	61,949,585	20	41,372,919
2021	323	13/410	114,696,050	37	115,216,218 ⁽³⁾
2022	164	15/751	171,262,636	31	496,621,165
2023	233	10/42	51,797,368	47	183,126,539

⁽¹⁾ Multifamily housing includes duplexes, triplexes and apartment buildings.

⁽²⁾ Includes Fox Factory, Northeast Georgia Health and Geveko Markings Inc.

⁽³⁾ Includes Gainesville Middle School, Gainesville High School Activity Center, and Courtyard Marriot.

Source: City of Gainesville Community Development Department.

Labor Statistics. Set forth below are labor statistics for the City, the County, the State and the United States for the past five calendar years and for May 2024.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
City Labor Force	20,535	20,689	20,992	21,573	22,467	23,351
City Unemployment Rate	3.1%	5.1%	3.0%	2.7%	2.6%	2.9%
County Labor Force	103,130	102,396	104,084	107,053	111,456	115,813
County Unemployment Rate	2.9%	4.7%	2.7%	2.5%	2.4%	2.6%
State Unemployment Rate	3.6	6.5	3.9	3.1	3.2	3.4
United States Unemployment Rate	3.7	8.1	5.3	3.6	3.6	3.7

⁽¹⁾ Reflects labor statistics for the month of May 2024 (City and County are Preliminary).

Source: U.S. Bureau of Labor Statistics.

Banking Deposits. The following table contains the number of banking institutions and the total banking deposits (in thousands of dollars) on deposit in the City at all FDIC-insured institutions located within the City for the last five fiscal years ended June 30.

<u>Year</u>	<u>Institutions</u>	<u>Deposits</u>
2019	13	\$2,945,638
2020	12	4,132,202
2021	11	4,527,129
2022	12	4,615,615
2023	12	4,126,035

Source: Federal Depository Insurance Corporation.

Ten Largest Employers. Set forth below are the largest private employers located in the County as of June 30, 2024, their products/services, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the area or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below.

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
1. Northeast Georgia Medical Center	Healthcare	9,239
2. Gold Creek Foods	Manufacturing – Food	4,000
3. Kubota Manufacturing of America	Manufacturing – Machinery	3,579
4. Fieldale Farms Corporation	Manufacturing – Food	2,375
5. Pilgrim’s Pride	Manufacturing – Food	1,760
6. Fox Factory	Manufacturing – Transportation Equipment	1,700
7. Mar-Jac Poultry, Inc.	Manufacturing – Food	1,300
8. ZF Gainesville, LLC	Manufacturing – Transportation Equipment	1,200
9. Mars Wrigley	Manufacturing - Food	950
10. Cottrell, Inc.	Manufacturing – Fabricated Metal Product	1,100

Source: Greater Hall Chamber of Commerce.

The City employs approximately 658 full-time people. The County employs approximately 1,748 full-time people and the School District employs approximately 3,500 full-time people.

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Industry Mix. The following table shows the industry mix for the County for the year 2023 (the most current information available). The table is intended to provide information regarding the types of industries employing residents of the County and the compensation paid to those employees. The table does not provide information with respect to all industries and firms. It is based upon and includes only those industries and firms that participate in the State Unemployment Insurance Program.

Industry	Average Number of Establishments	Average Monthly Employment
Goods-Producing	901	29,275
Agriculture, Forestry, Fishing & Hunting	30	227
Mining	2	*
Construction	560	4,769
Manufacturing	309	24,242
Service-Providing	4,165	59,532
Utilities	7	153
Wholesale Trade	321	5,169
Retail Trade	662	9,453
Transportation and Warehousing	183	3,833
Information	62	542
Finance and Insurance	316	2,083
Real Estate and Rental and Leasing	251	765
Professional Scientific & Technical Svc	472	2,617
Management of Companies and Enterprises	23	1,352
Admin., Support, Waste Mgmt, Remediation	354	6,959
Education Services	48	1,180
Health Care and Social Assistance	623	15,107
Arts, Entertainment, and Recreation	78	971
Accommodation and Food Services	404	7,559
Other Services (except Public Admin.)	361	1,789
Unclassified - industry not assigned	716	424
Total - Private Sector	5,782	89,231
Total - Government	123	10,929
Federal Government	25	497
State Government	35	2,584
Local Government	63	7,848
ALL INDUSTRIES	5,903	100,157

*Denotes confidential data relating to individual employers and cannot be released. These data use the North American Industrial Classification System (NAICS) categories. Average weekly wage is derived by dividing gross payroll dollars paid to all employees, both hourly and salaried, by the average number of employees who had earnings; average earnings are then divided by the number of weeks in a reporting period to obtain weekly figures. Figures in other columns may not sum accurately due to rounding. All data represents Annual 2023 statistics.

Source: Georgia Department of Labor. These data represent jobs that are covered by unemployment insurance laws.

Recent Economic Activity. As the regional employment center for Northeast Georgia, Gainesville-Hall County holds the distinction of being rated by Forbes Magazine as a “Best Small Places for Business and Careers” for the last nine years. The 2023 Milken Institute Report named the Gainesville-Hall County Metro Area as the Top Small Metro Area in Georgia and top 10 in the Nation for Best-Performing Small Metros. According to the Greater Hall Chamber of Commerce, Gainesville-Hall County Metropolitan Statistical area is among the top 50 fastest growing metro areas in the United States.

The Gainesville community continues to see impressive growth in both manufacturing and retail sectors. According to the Greater Hall Chamber of Commerce, calendar year 2022-2023 was another year of substantial capital investment, particularly in the manufacturing industry. From that capital investment,, more than 1,700 new jobs are anticipated from the 24 new and expanding firms planned for the Gainesville-Hall area. This comes with \$1.1 billion in new capital investment. Firms expanding their North American businesses include Agilox North America (Austria), ALBAform (Czech), Boost Transport, CJ Foodville Corporation (South Korea), Cleanspace LLC (UK), Corporate Storage, Cottrell, Eskimo Cold Storage, Freedom Trans USA, Harris Products, Jinsung TEC (Korea), King’s Hawaiian, Kubota (Japan), Mars Wrigley, Mar-Jac Poultry, medmix Healthcare US Inc. (Switzerland), Syfan Logistics, XPO Logistics, and Zebra Technologies.

Additionally, the Georgia Ports Authority has engaged local construction and engineering services to develop a new inland port terminal, the Blue Ridge Connector, to provide a door-to-door rail connection for container service between the Port of Savannah and Gainesville-Hall County. Carroll Daniel Construction, Simpson Trucking & Grading, and Rochester & Associates are among the local firms that will engineer and construct the new terminal. It is expected to be completed and open in 2026.

The City continues to earn its nickname of “Poultry Capital of the World” with its robust and growing poultry industry. The poultry industry has drawn other spinoff industries to the area, including those that manufacture poultry processing equipment. The food processing and manufacturing industry continues to be a significant employer, making up about 25% of the Gainesville-Hall County workforce.

Category of Land Use

The following table reflects the categories of land use in the City for calendar year 2023.

<u>Land Type</u>	<u>Percentage by Acreage⁽¹⁾</u>	<u>Percentage by Assessed Value⁽²⁾</u>
Commercial	22.51%	33.96%
Industrial	19.74	24.72
Residential	37.25	39.62
Agricultural	<u>20.50</u>	<u>0.25</u>
	<u>100.00%</u>	<u>98.55%</u>

⁽¹⁾ Based on the number of acres of real property set aside for each purpose.

⁽²⁾ Based upon the gross assessed value. Excludes utility, motor vehicle, mobile home, timber and heavy equipment.

Source: Georgia Department of Revenue Consolidated Digest Summary, 2023.

Healthcare

The City has become a regional center for medical and health services delivery. Northeast Georgia Medical Center and Health System is a not-for-profit community health system. The health system offers a full range of healthcare services through four hospital campuses in the area. The main hospital campus is located in the City. The Gainesville hospital is the flagship hospital of the system. It has 557 beds and includes a Level II trauma center, 23 operating rooms, emergency services, a 32-bed intensive care unit, a heart center and a women and children’s pavilion with Level III neonatal intensive care unit.

Recreation

Given the City’s location on the shoreline of Lake Lanier and its proximity to the north Georgia mountains, there are a number of recreational opportunities available for its citizens. Lake Lanier is a reservoir created by the Buford Dam on the Chattahoochee River. The lake encompasses 59 square miles of water and 692 miles of shoreline when the lake is at a normal level. The lake is in Hall (60%), Forsyth (30%), Dawson (5%), Gwinnett (4%) and Lumpkin (1%) counties. Lake Lanier is visited by millions of people each year. The lake has marinas, a

waterpark, hosts rowing and canoeing events and has over 90 parks, 23 of which provide swim beaches. There is one lodge on the lake and a number of hotels located near the lake.

The City operates eight major recreational and civic facilities, 21 parks and over 547 acres of park land. The major facilities include Frances Meadows Aquatic Center, Gainesville Civic Center, Midland Greenway, Lanier Point Athletic Complex, Skate Park, Martha Hope Cabin, Fair Street Neighborhood Center, and Linwood Nature Preserve. The parks include (a) five water parks that provide public access to Lake Lanier, including the Lake Lanier Olympic Park, the rowing, canoe and kayak venue for the 1996 Centennial Olympic Games, (b) various neighborhood parks and (c) a skate park.

Chicopee Woods Conservation Area is a 1,440 acre nature preserve with eight miles of hiking trails, 21.3 miles of mountain bike trails and a nature center with meeting facilities and a pavilion. The conservation area is located in the City and is operated by the Chicopee Woods Area Park Commission.

The County also provides a number of parks and leisure services. The County's facilities include 2,128 acres of park space, 26 parks, three community centers, two amphitheaters, three dog parks, an agricultural center, a campground, a disc golf course, green space and wildlife sanctuary, an RV park, boat ramps and fishing piers, a soccer complex, walking trails, a splash pad, playgrounds, historic sites and event sites.

Arts and Cultural Activities

With more than 20 active local arts organizations, the City and Hall County offer an array of theater and music, art exhibits and cultural programs. The Arts Council, Inc. serves as an arts hub for all of northeast Georgia. The Gainesville Symphony Orchestra at Brenau University is a professional 70-piece orchestra and presents four concerts each season. The Voices of North Georgia is a 40-voice community choir of professional musicians that present three concerts each season. The Gainesville Ballet Company stages an annual performance season. The Gainesville Theatre Alliance is a cooperative venture joining the theatre programs of Gainesville College, Brenau University, a professional company and the community. Four productions are staged annually. The Quinlan Visual Arts Center is a comprehensive visual arts and education center offering art classes and workshops. The galleries of the Quinlan Arts Center are dedicated to monthly exhibitions of local, regional and international artists. Both Gainesville College and Brenau University have substantial arts programs and galleries.

Utilities and Municipal Services

The City supplies water and sewerage services to its residents, commercial, industrial, and other parcels located in multiple municipalities or areas in the County. Electricity is supplied to residential users by either Georgia Power or Jackson EMC depending on the residential location. Industrial and commercial users using more than 900kVA have the ability to select their choice of provider. These options include: Georgia Power, Jackson EMC, the City of Buford, or Sawnee EMC. All users of industrial gas have the ability to select their choice of provider. Choices for natural gas include: Atlanta Gas Light, Liberty Utilities, City of Buford, and Certified Natural Gas Marketers. Telecommunications are provided by AT&T, Spectrum, Windstream, and Xfinity. Trash services are supplied to residential users by the City of Gainesville Solid Waste Department.

Education

The Gainesville City School District is a Georgia charter school system serving approximately 8,000 students from pre-kindergarten through grade 12 in eight specialty charter programs. The School District has six elementary schools, two middle schools and one high school. There are two private schools in the City: Lakeview Academy and Riverside Preparatory Academy. Lakeview is a coeducational day school for students in grades 3 through 12. Riverside Preparatory Academy is an all-boys school for students in grades 6-12.

There is one public university, a private university and a technical college in the City. The University of North Georgia ("UNG") is a public college and is part of the University System of Georgia. UNG is designated as a State leadership institution and as the military college of Georgia. UNG has five campuses, one of which is located in Gainesville. The Gainesville campus is a commuter campus and has an enrollment of approximately 7,500 students. Brenau University is a private university that offers undergraduate and graduate degrees through six-on

ground instructional sites in Georgia and online. The Gainesville campus has an enrollment of approximately 2,800 students. Lanier Technical (“LT”) College is a public technical college and is part of the Technical College System of Georgia. LT has five campuses, one of which is located in Gainesville. The Gainesville campus has an enrollment of approximately 5,045 students.

There are a number of colleges and universities in the Atlanta metropolitan area. In addition, The University of Georgia is located approximately 58 miles from the City.

Transportation

The City is a crossroads for numerous state highways. The City may be accessed from Interstate 985, U.S. Route 23, U.S. Route 129 and U.S. Route 53.

Hall Area Transit (“HAT”) provides public transportation throughout the County. HAT has a vanpool service with a fleet of 10 to 12 passenger vans, two buses and a trolley that operates in downtown from time to time depending on demand.

The Lee Gilmer Memorial Airport is located in the City and is owned and operated by the City. The Airport provides private general aviation air service including fuel sales and aircraft storage. The Airport’s main runway is 5,500 feet long and has a medium intensity approach landing system and instrument landing system. The Airport also has a 4,000-foot runway that is only open during daylight hours. The nearest commercial air service is located in Atlanta, 60 miles away, at Hartsfield-Jackson Atlanta International Airport.

Two major active freight rail lines run in a north-south direction through the County. The Norfolk Southern Atlanta/Greenville line parallels I-985/SR 365 and passes through Flowery Branch, Oakwood, the City, and Lula. The CSX line runs south from the City to Athens. AMTRAK provides daily passenger service along this line with a station stop in each direction.

The nearest deep-water port is Savannah, which is 300 miles to the south.

BONDHOLDERS’ RISKS

General

The purchase of the Series 2024 Bonds involves special risks and the Series 2024 Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the Series 2024 Bonds and could affect the market price of the Series 2024 Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the Series 2024 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.*

Limited Obligations

General. The Series 2024 Bonds constitute special, limited obligations of the City. The Series 2024 Bonds do not constitute a general obligation of the City, and the City cannot levy any general ad valorem tax to pay the Series 2024 Bonds. Owners of the Series 2024 Bonds may not look to any City funds or accounts other than those specifically pledged by the City to the payment of the Series 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS.”

Loss of System Revenues. The Series 2024 Bonds are secured by and payable solely from a first lien on and pledge of the Net Revenues of the System and from moneys on deposit in certain funds and accounts created pursuant to the Resolution. If the System, or any material portion thereof, were to become inoperable due to

damage, destruction, or environmental restriction or if the City should lack raw water or lack treatable water due to contamination, drought or catastrophe, the City may be unable to generate adequate revenues of the System. In the event that the operating revenues at any time are not sufficient to make such payments and deposits, the City covenants in the Resolution that it will increase such rates, fees, tolls, and charges to an extent which will ensure such payments and deposits (the “Rate Covenant”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – Rate Covenant” and “THE SYSTEM.”

No Mortgage Secures the Series 2024 Bonds. The payment of the Series 2024 Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except for the Net Revenues. No real or personal property of the City, shall be liable to be forfeited or taken in payment of the Series 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – General.”

Additional Bonds

Under the Resolution, the City is permitted to issue Additional Bonds on a parity with the lien of the Series 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – Additional Bonds.” Debt service on all Additional Bonds of the City will be payable from Net Revenues on a pro-rata basis. Accordingly, to the extent that future obligations are issued on a parity with the lien of the Series 2024 Bonds, the security for the Series 2024 Bonds may be diluted.

Factors That May Cause Insufficiency of Expected Revenues

General. The generation of Net Revenues is dependent upon several factors outside the City’s control, such as the economy, collections of water and wastewater service charges and tap fees, continued growth (or lack thereof), and changes in law. It is impossible to predict whether current economic conditions will continue or worsen or to predict how future conditions will affect the operation of the System or the City’s finances in general. The following factors, among others, may impact the generation of Net Revenues in the future.

Payment on the Series 2024 Bonds is dependent upon the generation of sufficient Net Revenues of the System. If the System becomes inoperable due to damage, destruction, environmental restriction or for any other reason, if the City should lack raw water or lack treatable water due to contamination, lack of adequate supply to serve existing customers, drought or for any other reason, if the City has inadequate storage or transmission facilities, if the City is unable to increase rates and charges for any reason or if the City incurs unanticipated expenses or reduced revenues due to power rate increases or for any other reason, the City may be unable to generate adequate revenues from the System to pay debt service on the Series 2024 Bonds (subject to the requirement that the City must subsequently raise rates if necessary to satisfy the Rate Covenant).

Water Quality and Environmental Requirements. The System is subject to numerous federal and State regulatory requirements. Those regulations are subject to change at any time. Public drinking water systems like the System are regulated by the Environmental Protection Agency and the EPD, and the EPD has the authority to enforce drinking water quality standards. Water quality standards imposed by the federal government or the State may affect the water available to the City and implementation of those standards or enforcement by the EPD could result in increased costs associated with water treatment operations of the City. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could cause portions of the System to become unavailable. Any disruption of service could negatively impact Net Revenues.

In operating the System, the City also may be subject to various environmental regulations that could subject the City to increased operating costs or capital expenditures. Such risks include the use of hazardous materials in the water treatment process and the disposal of such materials, the occurrence of upstream events that could cause contamination of the City’s water sources, or other factors. Such increased costs could reduce the amount of Net Revenues available to pay debt service on the Series 2024 Bonds.

Drought. In recent years, the State has experienced drought conditions. Continued, or more severe, watering limitations or increased conservation measures could reduce the amount of water treated and sold by the City and therefore could reduce the Net Revenues generated by the System. Further, although the City may increase

rates and charges without restriction in response to lower usage, it is not possible to predict at this time whether any rate increases can or will be implemented in time to pay debt service on the Series 2024 Bonds in any given fiscal year.

Water Supply. Any prohibition or reduction of water withdrawal supply from Lake Lanier as a result of future judicial decisions, actions by the U.S. Congress, administrative decisions by the Corps regarding the amount of reservoir storage that it will make available for water supply, or agreements among the States of Alabama, Florida, and Georgia could limit the City's available water, reduce the City's ability to expand the System and impact the rates that the City charges its existing customers. See "THE SYSTEM – Water System – *Water Supply*" herein.

Cybersecurity. Despite the implementation of network security measures by the City, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the City's ability to collect Net Revenues. Any breach or cyberattack that compromises data could result in negative press. Despite efforts of the City, no assurances can be given that the City's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the System.

Secondary Market

There is no guarantee that a secondary market for the Series 2024 Bonds will be maintained. Thus, owners of Series 2024 Bonds should be prepared to hold their Series 2024 Bonds to maturity.

Changes in Law

Various federal and State laws and constitutional provisions apply to the imposition, collection, and expenditure of the Net Revenues and the operation of the System and the City. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the System, the affairs of the City and the imposition, collection, and expenditure of the Net Revenues.

No Trustee

There is no bond trustee or similar person or entity to monitor or enforce the provisions of the applicable Resolution on behalf of the Bondholders, and therefore the Bondholders should be prepared to enforce such provisions themselves if the need to do so ever arises.

TAX MATTERS

Generally. In the opinion of Murray Barnes Finister LLP, Bond Counsel, under existing statutes, rulings and court decisions, and assuming compliance by the City with certain tax covenants, interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder of the Series 2024 Bonds) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. Except as provided below with respect to original issue discount, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on, or the ownership of, the Series 2024 Bonds.

Ownership of the Series 2024 Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2024 Bonds. Purchasers of the Series 2024 Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering its opinion that the interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, Bond Counsel will (a) rely as to questions of fact material to its opinion upon certificates and certified proceedings of public officials, including officials of the City, and representations of the City (including representations as to the use and investment of the proceeds of the Series 2024 Bonds), without undertaking to verify the same by independent investigation and (b) assume continued compliance by the City with its covenants relating to the use of the proceeds of the Series 2024 Bonds and compliance with the requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), including the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the related Series 2024 Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds.

Original Issue Premium. An amount equal to the excess of the purchase price of a Series 2024 Bonds over its stated redemption price at maturity constitutes premium on such Series 2024 Bond. A purchaser of a Series 2024 Bond must amortize any premium over such Series 2024 Bond's term using constant yield principles, based on the Series 2024 Bond's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2024 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Series 2024 Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and does not purport to deal with all tax questions that may be relevant to particular investors or circumstances. Purchasers of any Series 2024 Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Series 2024 Bonds.

Original Issue Discount. In the opinion of Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, any original issue discount in the selling price of a Series 2024 Bond, to the extent properly allocable to a holder of such Series 2024 Bond, is excludable from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of such Series 2024 Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Series 2024 Bond was sold.

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a constant yield to maturity basis. The amount of the original issue discount that accrues to an owner of a discount bond who acquires such discount bond during any accrual period generally equals (a) the issue price of such discount bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (b) the yield to maturity of such discount bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (c) any interest payable on such discount bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in a discount bond for the purpose of determining gain or loss upon a subsequent sale, exchange, payment, or redemption. Any gain realized by an owner from a sale, exchange, payment, or redemption of a discount bond would be treated as gain from the sale or exchange of such discount bond.

The foregoing is a general discussion of original issue discount. Purchasers of discount Series 2024 Bonds should consult their own tax advisors with respect to the determination and treatment of original issue discount for

federal income tax purposes and with respect to state and local tax consequences of owing such discount Series 2024 Bonds.

State of Georgia. In the opinion of Bond Counsel, under existing law, interest on the Series 2024 Bonds is exempt from present state income taxation within the State of Georgia. Interest on the Series 2024 Bonds may or may not be subject to state or local income taxation in jurisdictions other than the State of Georgia. Purchasers of the Series 2024 Bonds should consult their own tax advisor with respect to the tax-exempt status of interest on the Series 2024 Bonds in a particular state or local jurisdiction other than the State of Georgia.

Changes in Federal Tax Law. Current and future legislative proposals, if enacted by Congress, could cause interest on the Series 2024 Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation or adversely affect the market value of the Series 2024 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2024 Bonds or could cause interest on the Series 2024 Bonds to be subject, directly or indirectly, to Federal income taxation or to be subject to State income taxation. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2024 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2024 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2024 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

LEGAL MATTERS

Pending Litigation

The City, like other similar governmental bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation with its legal counsel, Hulse, Oliver & Mahar, LLP, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position of the System.

There is no controversy or litigation of any nature now pending, or to the knowledge of the City, threatened against the City restraining or enjoining the issuance or delivery of the Series 2024 Bonds or questioning or affecting the validity of the Series 2024 Bonds or the proceedings and authority under which they are issued. There is no litigation pending, or to the knowledge of the City, threatened against the City, that (a) contests the existence or creation of the City or the title of the present members or other officials of the City to their respective offices, or (b) which in any manner questions the power of the City to issue the Series 2024 Bonds or to secure the Series 2024 Bonds in accordance with the provisions of the Resolution by the pledge of the Net Revenues of the System.

Validation Proceedings and Approving Opinions

In accordance with the procedures set forth in the Revenue Bond Law, the Series 2024 Bonds will be validated by order of the Superior Court of Hall County prior to their issuance.

Legal matters incidental to authorization and issuance of the Series 2024 Bonds by the City are subject to the approving opinion of Murray Barnes Finister LLP, Bond Counsel and Disclosure Counsel to the City. It is anticipated that the approving opinion will be in substantially the form attached hereto as Appendix D. Certain legal matters will be passed upon for the City by its counsel, Hulse, Oliver & Mahar, LLP.

All legal opinions will state that the rights of the owners of the Series 2024 Bonds and the enforceability of the documents covered by such opinions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Closing Certificate

The City will deliver to the Underwriter a certificate to the effect that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Rating

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") have assigned the Series 2024 Bonds ratings of "Aa2" and "AA" (stable outlook), respectively. An explanation of the significance of such rating may be obtained from Moody's and S&P respectively.

The above-described ratings are not a recommendation to buy, sell or hold the Series 2024 Bonds. Generally, rating agencies base their rating on information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. There is no assurance that the rating will be maintained for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating on the Series 2024 Bonds may have an adverse effect on the market price of the Series 2024 Bonds. Neither the City nor the Underwriter has undertaken any responsibility to oppose any such revision, suspension or withdrawal.

Underwriting

Raymond James & Associates, Inc. (the "Underwriter") has agreed to purchase the Series 2024 Bonds pursuant to a Bond Purchase Agreement entered into between the City and the Underwriter. The Underwriter has agreed to purchase the Series 2024 Bonds at a purchase price of \$_____ (par, plus original issue premium of \$_____, and less underwriting discount of \$_____). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2024 Bonds if any are purchased; however, the obligation of the Underwriter to purchase the Series 2024 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriter intends to offer the Series 2024 Bonds to the public initially at the offering prices shown on the inside cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with other dealers and underwriters in offering the Series 2024 Bonds to the public. The Underwriter may offer and sell the Series 2024 Bonds to certain dealers at prices lower than the public offering.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which it received or will receive customary fees and expenses.

Independent Auditors

The financial statements of the City for the fiscal year ended June 30, 2023 attached hereto as Appendix B have been audited by Rushton, LLC (the "Auditors") to the extent and for the period indicated in its report thereon,

which appears in Appendix B. Such financial statements have been included herein without the consent of the Auditors. The Auditors have not performed any procedures relating to this Official Statement.

Additional Information

Use of the words “shall” or “will” in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2024 Bonds.

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AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFERING STATEMENT

This Official Statement has been authorized by the City.

CITY OF GAINESVILLE, GEORGIA

By: _____
Mayor

APPENDIX A

Summary of the Resolution

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SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following, in addition to information provided elsewhere herein, summarizes certain provisions of the Bond Resolution, to which document in its entirety reference is made for the detailed provisions thereof.

Definitions

In addition to the terms defined elsewhere in this Official Statement, whenever the following terms are used in this Official Statement, the same, unless the context shall clearly indicate another or different meaning or intent, shall have the meaning as follows:

“Additional Bonds” means any revenue bonds of the City ranking on a parity with the Series 2014 Bonds and the Series 2024 Bonds, which may hereafter be issued pursuant to the Bond Resolution.

“Bonds” means any revenue bonds issued by the City pursuant to the Bond Resolution, including the Series the Series 2014 Bonds, the Series 2024 Bonds and any Additional Bonds.

“Bond Resolution” means collectively, the Original Resolution, as supplemented on September 17, 2024, and as the same may be supplemented from time to time.

“Book-Entry Bonds” shall mean bonds issued in full Book-Entry Form through the facilities of the Securities Depository.

“Book-Entry Form” or “Book-Entry System” shall mean a form or system, as applicable, under which (a) ownership of beneficial interests in the Bonds and bond service charges may be transferred only through book-entry and (b) physical Bonds in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with physical Bonds in the custody of a Securities Depository.

“Consulting Engineers,” “Consulting Engineer,” “Engineers” and “Engineer” means an engineer or engineering firm having a national reputation for skill relating to water and sewerage systems.

“Credit or Liquidity Facility” means a line of credit, letter of credit, standby bond purchase agreement or similar facility established in connection with the issuance of any Additional Bonds.

“Debt Service Account” means the Debt Service Account created within the Sinking Fund to pay principal of, redemption premium, if any, and interest on the Bonds and certain other charges.

“Debt Service Coverage Ratio” means the ratio determined by dividing the Income Available for Debt Service by the Debt Service Requirement.

“Debt Service Requirement” means, for any period of 12 consecutive calendar months for which such determination is made, the aggregate of the Swap Payments and the payments required to be made in respect of principal and interest on outstanding Bonds during such period, except that (a) with respect to Variable Rate Swap Payments or Variable Rate Bonds, the interest on such Variable Rate Swap Payments or Variable Rate Bonds shall be calculated at a rate equal to the 25 Year Revenue Bond Index for revenue bonds as published by The Bond Buyer the week prior to the week during which the City adopts proceedings authorizing the execution of the swap or the issuance of such Bonds (or, if such index shall not then be published, the average annual interest rate on such Swap Agreement or Bonds for the twelve consecutive months preceding the date of calculation or, if such Swap Agreement or Bonds shall not have been outstanding for such period, the average annual interest rate on such Swap Agreement or Bonds for the period during which such Swap Agreement or Bonds shall have been outstanding, or if such Swap Agreement has not yet been executed or such Bonds have not yet been issued, the initial interest rate established for such Swap Agreement or Bonds), (b) interest expense on Bonds shall be excluded from the determination of the Debt Service Requirement to the extent the same is provided from the original proceeds of such Bonds, (c) interest expense on the Bonds shall be excluded from the determination of the Debt Service Requirement to the extent that the same is provided by a counterparty with a rating that is the same or better than the City’s rating and (d) notwithstanding that the definition of Bonds excludes Credit or Liquidity Facilities to the extent they are drawn upon to purchase, but not retire, Bonds, any interest expense included on such Credit or Liquidity Facilities in

excess of the interest expense on the related Bonds shall be included in the determination of the Debt Service Requirement.

“Debt Service Reserve Requirement” means, (a) with respect to the Series 2014 Bonds, an amount equal to \$0, (b) with respect to the Series 2024 Bonds an amount equal to \$0 and, (c) with respect to Additional Bonds, the amount, if any, set forth in the resolution authorizing the issuance of such Additional Bonds, if any, set forth in the resolution authorizing the issuance of such Additional Bonds. Notwithstanding the foregoing, with respect to Additional Bonds that are Variable Rate Bonds, it shall be assumed that such Additional Bonds bear interest through maturity at that rate which the original purchaser of such Additional Bonds certifies as of the date of issuance thereof would have borne had such Additional Bonds borne a fixed, constant rate of interest.

“Debt Service Reserve Surety Bond” means all surety bonds or irrevocable letters of credit credited to the Reserve Account in lieu of or in partial substitution for moneys and securities on deposit therein.

“Engineering Report” means any Engineering Report relating to projects to be acquired, constructed, installed or equipped with proceeds of Additional Bonds.

“Funds” means the Revenue Fund, the Sinking Fund, the Renewal and Extension Fund and the Construction Fund.

“Government Obligations” means (a) obligations of the United States and of its agencies and instrumentalities, (b) obligations fully insured or guaranteed by the United States government or United States government agency, or (c) obligations of any corporation of the United States government (including any securities described in (a), (b) or (c) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in any case, are not subject to redemption prior to maturity at less than par by anyone other than the holder and are rated in the highest rating category by Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies.

“Income Available for Debt Service” means, for any period of 12 consecutive calendar months for which such determination is made, Net Revenues; provided, however, that no determination thereof shall take into account (a) (i) a gain or loss resulting from either the extinguishment of Bonds, or the sale, exchange or other disposition of capital assets not made in the ordinary course of business, (ii) unrealized gains or losses, or (iii) any other components of revenues or expenses that do not contribute to or diminish cash flow available to pay debt service, or (b) earnings on the Construction Fund.

“Interest Payment Date” means with respect to the Series 2024 Bonds, each May 15 and November 15, and with respect to any Additional Bonds, the interest payment date specified in the supplemental resolution authorizing such Additional Bonds.

“Maximum Annual Debt Service Coverage Ratio” means the ratio determined by dividing Income Available for Debt Service by the Maximum Annual Debt Service Requirement.

“Maximum Annual Debt Service Requirement” means the maximum annual Debt Service Requirement.

“Net Revenues” means the gross revenues derived from the ownership or operation of the System, including, without limitation, all tap fees and connection fees, whether or not accounted for as revenue or contributed capital, all earnings on amounts on deposit in the Funds, less the reasonable and necessary costs of operating, maintaining and repairing the System, including salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of said System, the cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees, proper charges for materials and services provided by other departments of the City and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provision for depreciation, interest expense and amortization; provided, however, Net Revenues shall not include amounts drawn or otherwise available under a Credit or Liquidity Facility.

“Original Resolution” means the resolution of the City adopted on October 25, 2001, as supplemented on October 4, 2005, a resolution adopted by the City on October 20, 2005, a parity bond resolution adopted by the City

on November 16, 2006 a parity bond resolution adopted by the City on November 18, 2014 as supplemented on December 16, 2014, as supplemented by a resolution adopted on November 3, 2015, and a resolution adopted by the City on September 15, 2016.

“Permitted Investments” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of City funds:

(a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;

(b) bonds or obligations of the State of Georgia, or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

(c) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(d) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(e) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are 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 government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any of the proceeds of the Bonds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia or with a trust office within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph (c) above, obligations of the agencies and instrumentalities of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph (e) above;

(g) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph (c) and (d) above and repurchase agreements fully collateralized by any such obligations;

(ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(iv) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(h) interest bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest bearing time deposit, repurchase agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys; and

(i) any other investments authorized by the laws of the State of Georgia.

“Projects” means the Series 2024 Project and any additional projects financed with proceeds of Additional Bonds.

“Record Date” shall mean the 15th day (whether or not a business day) next preceding an Interest Payment Date.

“Reserve Account” means the Debt Service Reserve Account created within the Sinking Fund to provide a reasonably required reserve for the payment of the principal and interest on the Bonds so secured by the Reserve Account. Within the Reserve Account, there shall initially be created the Prior Bonds Reserve Subaccount which shall secure the Series 2005 Bonds and the Series 2006 Bonds only.

“Revenue Bond Law” means the Revenue Bond Law, (O.C.G.A. Section 36-82-60 *et seq.*), as same may hereafter be amended from time to time.

“Securities Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interest in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, DTC.

“Series 2024 Bonds” means the City of Gainesville, Georgia Water and Sewerage Revenue Bonds authorized to be issued pursuant to the Original Resolution and Article II of this resolution.

“Series 2024 Project” means the improvements to the System, including but not limited to, improvements to the Flat Creek Water Reclamation Facility, the Riverside Drive Water Treatment Plant and the Lakeside Water Treatment Plant.

“Sinking Fund Investments” means (a) Government Obligations and forward purchase agreements and repurchase agreements with respect thereto, (b) demand deposits or certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of

such certificates of deposit which would be uninsured and (c) the local government investment pool created by O.C.G.A. Section 36-83-8.

“Sinking Fund Year” means the period commencing on the 16th day of November in each year and extending through the 15th day of November in the next year.

“State” means the State of Georgia.

“Swap Payments” means amounts payable by the City to any counter party to an interest rate swap agreement relating to the interest rate on any series of Bonds, including, but not limited to termination payments.

“Swap Payments Account” means the Swap Payments Account created within the Sinking Fund for the deposit of Swap Payments.

“System” means the City water and sewerage system as it now exists and as it may be hereafter added to, extended and improved.

“Variable Rate” means as to any Bonds or Swap Payments, any portion of such Bonds or Swap Payments the interest rate on which is not established at the time of original issuance at a fixed or constant rate.

Construction Fund

Pursuant to the Bond Resolution, the City has created the Series 2024 Capital Improvement Account of the Construction Fund to pay the costs of the Series 2024 Project and the costs of issuing the Series 2024 Bonds.

As to any series of Bonds providing Construction Fund moneys, the City shall establish a separate special account for the Construction Fund, each of which shall be designated as "Series ___ Capital Improvement Account" (hereinafter referred to as a "Capital Improvement Account"). Subject to subparagraph (b) below, the moneys derived from the sale of any Bonds under this Resolution shall be used and applied for the purpose of paying the costs of the Projects.

Upon completion of the Projects and after payment of all expenses with respect thereto, all moneys credited to the related Capital Improvement Account may, at the direction of the City, be (i) credited to any other Capital Improvement Account and used to complete the Projects with respect to which such Capital Improvement Account was created or (ii) credited to the Sinking Fund and used to pay debt service on the Bonds. Prior to such application, the City will receive an opinion of Bond Counsel to the effect that such application will not adversely effect the exclusion from gross income for federal income tax purposes of interest on any Bond.

All payments from the Construction Fund will be made upon checks signed by the Construction Fund Custodian or officers of the City properly authorized to sign on its behalf, wire transfer or intrabank transfer (an “Authorized City Representative”), but before they will sign any such checks, wire or transfer such money, there will be filed with the Construction Fund Custodian:

(i) A requisition for such payment (the above-mentioned checks may be deemed a requisition), stating each amount to be paid, and the name of the person, firm or corporation to whom payment thereof is due; and

(ii) A certificate signed by an Authorized City Representative and certifying:

(1) That an obligation in the stated amount has been incurred by the City, specifying the purpose and circumstances of such obligation in reasonable detail and to whom such obligation is owed, that the same is a proper charge against the Construction Fund and has not been paid, and that the bill or statement of account for such obligation is on file with the City;

(2) That the Authorized City Representative has no notice of any vendors, mechanic’s or other liens or rights to liens, chattel mortgages, conditional sales contracts or any security interest, which should be satisfied or discharged before such payment is made;

(3) That such requisition contains no item representing payment on account or any retained percentages which the City is, at the date of such certificate, entitled to retain; and

(4) That insofar as such obligation was incurred for work, materials, supplies or equipment in connection with the undertaking, such work was actually performed, or such materials, supplies or equipment were actually installed in or about the construction or delivered at the site of the work for that purpose.

If an event of default has occurred and is continuing, the City may not requisition money from the Construction Fund without the consent of the Bond Insurer.

Revenue Fund, Sinking Fund and Renewal and Extension Fund

Revenue Fund. All revenues arising from the ownership or operation of the System and properties in connection therewith as then existent and as thereafter added to, extended and improved will be collected by the City or by its agents or employees and deposited promptly with the depository to the credit of a special trust fund which is designated as “City of Gainesville Water and Sewerage System Revenue Fund” (the “Revenue Fund”); and the City will continue to maintain the Revenue Fund as a special trust fund separate and apart from its other funds so long as Bonds are outstanding and unpaid or until provision shall have been duly made for the payment thereof. Said revenues will be disbursed from the Revenue Fund to the extent and in the following manner and order:

There will first be paid from the Revenue Fund the reasonable and necessary costs of operating, maintaining and repairing the System, including salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees, proper charges for materials and services provided by other departments of the City and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provision for depreciation, interest expense and amortization.

The Net Revenues remaining in the Revenue Fund after the payment of the sums required or permitted to be paid under the provisions of the preceding paragraph have been pledged to the payment of the principal of and the interest on the Bonds, the Swap Payments and to the provider of any Debt Service Surety Bond or Credit or Liquidity Facility.

Sinking Fund. A special trust fund was created in the Bond Resolution and designated as “City of Gainesville Water and Sewerage System Sinking Fund” (the “Sinking Fund”). The Sinking Fund consists of three accounts which will be held therein, one of which is designated as “Debt Service Account,” one of which is designated as “Swap Payments Account,” and one of which is designated as “Debt Service Reserve Account” (the “Reserve Account”). All moneys deposited into the Sinking Fund shall be held in trust by the Sinking Fund Custodian separate and apart from other funds of the City, and the Sinking Fund Custodian shall comply with the applicable provisions of the Bond Resolution.

A debt service reserve subaccount will not be established for the Series 2024 Bonds. As to any issue of Additional Bonds for which the City has determined that it is necessary or desirable to establish a debt service reserve for such Additional Bonds, the Sinking Fund Custodian shall establish a separate special subaccount within the Reserve Account, each of which shall be designated as the “Series ___ Reserve Subaccount.” Each subaccount created in connection with the issuance of Additional Bonds is hereinafter referred to as a “Reserve Subaccount.” Each Reserve Subaccount shall only secure the Bonds for which it was established. Each Reserve Subaccount shall be funded and replenished pro rata.

After there have been paid from the Revenue Fund the sums required or permitted to be paid as described above, (i) there will be paid into the Debt Service Account for the purpose of paying the principal of and interest on the Bonds as same become due and payable in the then current Sinking Fund Year, and taking into consideration moneys deposited therein, (A) on or before the 14th day of each month, and from month to month thereafter, equal monthly installments sufficient to pay the interest on the Bonds coming due on the next Interest Payment Date, as the case may be and (B) on or before the 14th day of each month, and from month to month thereafter, equal monthly

installments sufficient to pay the principal coming due of the Bonds coming due on the next November 15, such aggregate monthly payments to continue from month to month until sufficient funds are on hand in the Sinking Fund to pay all of the outstanding Bonds and the interest which will become due and payable thereon and (ii) there will be paid into the Swap Payments Account on or before the 14th day of each month, and from month to month thereafter any Swap Payments coming due in such month; provided, however, if the Swap Payment relates to a termination payment, the money will not be transferred into the Swap Payments Account until the Debt Service Account is fully funded.

If the City shall determine that is necessary or desirable to establish a Reserve Subaccount in connection with the issuance of Additional Bonds, there shall be deposited in the Reserve Subaccount substantially equal monthly payments sufficient to create within the Reserve Subaccount within twelve (12) months from the date of issuance of any Additional Bonds a reserve equal to the Debt Service Reserve Requirement for such Additional Bonds. If moneys are withdrawn from a Reserve Subaccount to pay any of the Bonds secured thereby, if the value of the investments declines to an amount less than the Debt Service Reserve Requirement, or, if a Debt Service Reserve Surety Bond or a Credit or Liquidity Facility is drawn upon to pay any of the Bonds secured thereby, then such monthly deposits shall also include substantially equal monthly payments sufficient to (i) restore the amount withdrawn from the Reserve Subaccount, (ii) restore the value of investments to an amount equal to the Debt Service Reserve Requirement or (iii) reimburse the issuer of the Debt Service Reserve Surety Bond within 12 months. If a Credit or Liquidity Facility is drawn upon to pay any of the Bonds secured thereby, then such monthly deposits shall also include substantially equal monthly payments sufficient to reimburse the issuer of the Credit or Liquidity Facility in accordance with its terms. In the event of a drawdown on any Debt Service Reserve Surety Bond or any Credit or Liquidity Facility, such payments shall be made first, on a pro rata basis, to the issuers of the Debt Service Reserve Surety Bonds, then, on a pro rata basis, to the issuers of such Credit or Liquidity Facilities and then, to replenish any cash. Reimbursement of the issuer of a Debt Service Reserve Surety Bond for a drawing on a Debt Service Reserve Surety Bond shall be deemed to include interest accrued on such draw and expenses incurred by the issuer of the Debt Service Reserve Surety Bond in addition to the amount drawn. Each Reserve Subaccount shall be funded and replenished pro rata.

Each Reserve Subaccount will be maintained for the purpose of paying the principal of and interest on any Bonds falling due in any year as to which there are insufficient moneys in the Debt Service Account and as to which there would otherwise be a default or for the purpose of reimbursing an issuer of a Debt Service Reserve Surety Bond or a Credit or Liquidity Facility for a drawing thereon. Prior to drawing on any Debt Service Reserve Surety Bond, all other amounts on deposit in the Reserve Subaccount, if any, must have been expended. The Paying Agent will deliver the demand for payment (if any) required by the issuer of any Debt Service Reserve Surety Bond or Credit or Liquidity Facility at the time and in the manner required. In determining the amount on deposit in the Reserve Subaccount, there will be taken into account the amount available under any Debt Service Reserve Surety Bond. In the event there is more than one Debt Service Reserve Surety Bond credited to the Reserve Subaccount and there is a drawdown, such Debt Service Reserve Surety Bonds will be drawn upon on a pro rata basis.

If on the 16th day of November in any year, there are on deposit in the Debt Service Account moneys or securities, the same will be withdrawn therefrom and immediately deposited into the Revenue Fund. If on the 16th day of November in any year there are on deposit in a Reserve Subaccount moneys or securities (such securities to be valued at their market value plus accrued interest thereon to November 16) the aggregate amount of which, together with the amounts available under the Debt Service Reserve Surety Bond, is in excess of the Debt Service Reserve Requirement, such excess moneys and securities will be withdrawn therefrom and immediately deposited into the Revenue Fund provided that no default has occurred and is continuing. Such moneys may be used by the City for any purpose that does not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Bond. The calculation and determination of such excess amount will be the responsibility of the City, and the City will notify the Sinking Fund Custodian and make or cause to be made any transfer of funds required pursuant to the provisions of the Bond Resolution.

The obligation to fund a Reserve Subaccount may be fulfilled by depositing a Debt Service Reserve Surety Bond (i) if rated from a provider that has a rating at the time of issuance of such Debt Service Reserve Surety Bond equal to or higher than the rating on the Bonds secured thereby, (ii) which has a term not less than the final maturity date of the series of Bonds secured thereby (or may be drawn upon in full upon its expiration date if a substitute letter of credit or surety bond is not in place prior to its expiration date), and (iii) which is given to secure and which

is payable on any interest payment date in an amount equal to any portion of the balance then required to be maintained within the Reserve Subaccount. Before any such Debt Service Reserve Surety Bond is substituted for cash or deposited in lieu of cash in the Reserve Subaccount, there will be filed with the Sinking Fund Custodian (A) an opinion of nationally recognized bond counsel to the effect that such substitution or deposit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any outstanding Bonds; (B) a certificate evidencing that at least thirty days prior notice of the proposed substitution or deposit of such Debt Service Reserve Surety Bond was given to all rating agencies then rating any Bonds, including a description of such Debt Service Reserve Surety Bond and the proposed date of substitution or deposit; (C) the Debt Service Reserve Surety Bond issued to fulfill the obligation to fund the Reserve Subaccount, together with an opinion of counsel to the issuer of the Debt Service Reserve Surety Bond to the effect that the Debt Service Reserve Surety Bond is valid and enforceable in accordance with its terms; and (D) written evidence that each of the Bond Insurers, if any, has approved such Debt Service Reserve Surety Bond. Notwithstanding anything to the contrary contained in the Bond Resolution, the Bond Resolution may be amended without notice to or the consent of the owners of the Bonds to provide for any additional provisions required by the issuer(s) of such Debt Service Reserve Surety Bond; provided, however, that there will be first delivered an opinion of nationally recognized bond counsel to the effect that such additional provisions are not materially adverse to the rights or security of the owners of the Bonds provided by the Bond Resolution.

Moneys in the Debt Service Account and moneys in the Reserve Account will be disbursed for (i) the payment of the interest on the Bonds as such interest becomes due and payable; (ii) the payment of the principal of the Bonds as same becomes due and payable, either at maturity or by proceedings for redemption or acceleration; (iii) the reimbursement to the provider of any Debt Service Surety Bond or a Credit or Liquidity Facility for any draws thereon; (iv) the optional redemption of Bonds before maturity; (v) the purchase of Bonds in the open market; provided, however, the price paid may not exceed the then authorized call price; (vi) the payment of charges for paying the Bonds and interest thereon and the charges for the registration of the Bonds and their transfer or exchange; and (vii) the payment of any charges for investment services; provided, however, that as to a Reserve Subaccount only moneys in excess of the Debt Service Reserve Requirement (but excluding any moneys drawn under any Debt Service Reserve Surety Bond) may be disbursed for items (iv) through (vii) inclusive and no moneys may be disbursed to reimburse the provider of a Credit or Liquidity Facility. For purposes of clarity, each Reserve Subaccount shall only secure the Bonds for which it was established and moneys in a Reserve Subaccount shall be disbursed for items (i) through (iii) inclusive only with respect to the Bonds secured thereby. Moneys in the Swap Payments Account may be disbursed for Swap Payments.

Junior Lien Obligations. After these have been paid from the Revenue Fund the sums required or permitted to be paid as described above, there shall next be paid from the Revenue Fund such payments as may be required to repay junior lien obligations, including, but not limited to any loans made by the Georgia Environmental Finance Authority or the State Revolving Fund and any and all existing loans having a lien on the Net Revenues.

Renewal and Extension Fund. A special trust fund was created in the Bond Resolution and designated as the “City of Gainesville Water and Sewerage Renewal and Extension Fund.” All moneys deposited into the Renewal and Extension Fund shall be held in trust by the Renewal and Extension Fund Custodian separate and apart from other funds of the City, and the Renewal and Extension Fund Custodian shall comply with all the applicable provisions of the Bond Resolution.

After there have been paid from the Revenue Fund the sums required or permitted to be paid as described in the preceding paragraphs, there shall next be paid from the Revenue Fund into the Renewal and Extension Fund all the moneys remaining in the Revenue Fund (except for a reasonable working capital reserve in an amount determined by the City in its sole discretion) until the balance of the Renewal and Extension Fund is \$150,000 or such higher amount as the City, in its sole discretion, shall determine should be deposited therein. Expenditures may be made from the Renewal and Extension Fund only for the purpose of:

- (i) Paying operating expenses relating to the System;
- (ii) Making debt service payments on the Bonds;

(iii) In case of an emergency having a major effect upon the System caused by some extraordinary occurrence which makes it necessary to use the funds of the System for the alleviation or removal of such effects and an insufficiency of money exists in the Revenue Fund to meet such emergency;

(iv) Making replacements, additions, extensions and improvements to the System and paying the cost of any engineering studies, surveys or plans and specifications pertaining to future development or expansion of the System;

(v) Transfers to the Sinking Fund for the purpose of acquiring the Bonds by redemption or by purchase in the open market, and when so used for such purposes the moneys shall be withdrawn from the Renewal and Extension Fund and deposited into the appropriate fund for the Bonds to be so redeemed or purchased; or

(vi) Paying any issuer of any Debt Service Reserve Surety Bond of interest on amounts drawn under such surety bond and payment to the issuer of any Credit or Liquidity Facility the costs for any such facility.

After there have been paid from the Revenue Fund the sums required or permitted to be paid as described above, there may be transferred from the Revenue Fund into the City's General Fund all the moneys remaining in the Revenue Fund (except for a reasonable working capital reserve in an amount determined by the City in its sole discretion). The moneys transferred from the Revenue Fund into the City's General Fund may be used by the City for any lawful purpose. Nothing shall be construed in the Bond Resolution as requiring the City to transfer money from the Revenue Fund into the General Fund.

Additional Bonds

No other obligations of any kind or nature may be issued which are payable from or enjoy a lien on the Net Revenues prior to the lien created for the payment of the Bonds. However, Additional Bonds may be issued by the City, from time to time, for the purpose of refunding any issue or issues of outstanding Bonds or financing, in whole or in part, additions, extensions and improvements to the System, ranking as to lien on the Net Revenues on a parity with the Bonds, provided all of the following conditions are met:

(a) None of the Bonds then outstanding are in default as to principal and interest and the City is in compliance with the Bond Resolution.

(b) The payments covenanted to be made into the Debt Service Account, the Reserve Account and the Swap Payments Account within the Sinking Fund must be currently being made in the full amount as required, and the Debt Service Account and Reserve Account held within the Sinking Fund must be at their proper respective balances.

(c) (i) A firm of independent certified public accountants certifies that (A) for a period of 12 full consecutive calendar months out of the 18 consecutive calendar months preceding the month of the adoption of proceedings for the issuance of such Additional Bonds, or (B) for the most recent audited fiscal year, the Maximum Annual Debt Service Coverage Ratio (excluding for calculation of the Debt Service Requirement any Bonds which are to be refunded and defeased by such proposed Additional Bonds and including for calculation of the Debt Service Requirement the proposed Additional Bonds which are to be issued) was not less than 1.10; or (ii) if a new schedule of rates and charges has been adopted for the services, facilities and commodities furnished by the System, the Consulting Engineer shall have certified that had the new schedule of rates and charges been adopted throughout such specified period the test specified in (i) would have been met or (iii) the Consulting Engineer shall certify that the Maximum Annual Debt Service Coverage Ratio (including for calculation of the Debt Service Requirement the proposed Additional Bonds which are to be issued) for each of the first three full Sinking Fund Years subsequent to the acquisition or completion of the facilities to be financed with the Additional Bonds will not be less than 1.20.

(d) The City passes proper proceedings reciting that all of the above requirements have been met, authorizes the issuance of the Additional Bonds and provides in such proceedings that such Additional Bonds will be secured under and pursuant to the Bond Resolution. Any such Additional Bonds may be issued under or pursuant to a trust indenture and, in such event, the proceedings authorizing the issuance of such Additional Bonds will make appropriate provisions for the transfer of moneys on deposit in the Sinking Fund to the trustee in sufficient time for the payment of debt service on such Additional Bonds; but nothing contained in the Bond Resolution requires the Sinking Fund to be held by such trustee. In the event Additional Bonds are issued pursuant to a trust indenture, the trustee thereunder will for purposes of the Bond Resolution, in accordance with the provisions of such trust indenture, exercise the rights and remedies of the owners of such Additional Bonds. It is not necessary that the interest and principal and payment dates or redemption provisions for such Additional Bonds correspond with the provisions of any other Bonds. Any Credit or Liquidity Facility related to any Additional Bonds may secure only such Additional Bonds and not any other Bonds. Any such proceeding or proceedings shall ratify and reaffirm, by reference, all of the applicable terms, conditions and provisions of the Bond Resolution.

(e) Any proposed Variable Rate Additional Bonds must specify a maximum interest rate. If any such Variable Rate Additional Bonds provide for the mandatory redemption or purchase of such Additional Bonds at the option of owner, a Credit or Liquidity Facility must be provided at or prior to the issuance of such Variable Rate Additional Bonds to support the City's obligations for any such mandatory redemption or purchase. The failure of any such Credit or Liquidity Facility to purchase any such Variable Rate Additional Bonds may be a default under the Bond Resolution; provided, however, the City is not obligated to purchase such Variable Rate Additional Bonds, and no such failure by a Credit or Liquidity Facility, may cause an acceleration of such Variable Rate Additional Bonds or other Bonds.

(f) Such Additional Bonds and all proceedings relative thereto, and the security therefor, must be validated as prescribed by law.

Rate Covenant

The City has placed into effect a schedule of rates, fees and charges for the services and facilities furnished by the System and as often as it shall appear necessary it shall revise and adjust such rates, fees and charges schedule to the extent necessary to produce Net Revenues equal to at least 1.10 times the Debt Service Requirement in the current Sinking Fund Year.

The rates, fees and charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that as near as practicable such rates, fees and charges shall be uniform in application to all users falling within any reasonable class. No free services shall at any time be furnished from the System.

In the event the City shall fail to adopt a schedule or schedules of rates, fees and charges, or to revise its schedule or schedules of rates, fees and charges as provided above, any bondholder without regard to whether any default, as defined in the Resolution, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the City to adopt a schedule or schedules of rates, fees and charges or to revise its schedule or schedules of rates, fees and charges in accordance with the requirements provided above

Defeasance

When the Sinking Fund Custodian or the Paying Agent has sufficient moneys or Government Obligations, which, without any reinvestment thereof, will (based upon a verification report of an independent certified public accountant or firm thereof) provide for the payment of all outstanding Bonds of any series and the interest due or to become due thereon, and any premium required to be paid should such Bonds be called for redemption, the Bonds shall be deemed to be paid. It is contemplated that one or more series of Bonds issued and secured pursuant to the Bond Resolution may be paid, or deemed to be paid in full as aforesaid, and one or more other series of Bonds shall remain outstanding under the Bond Resolution. Upon payment in full of any series of Bonds, the owners of such Bonds shall no longer be entitled to the benefits of the security afforded by the Bond Resolution and such Bonds shall, except for the purposes of registration, exchange and transfer, no longer be deemed outstanding under the

Bond Resolution. The Bond Resolution shall not terminate until all amounts owed to the issuer of any Debt Service Reserve Surety Bond or Credit or Liquidity Facility have been paid.

Lien on Funds

Under the Bond Resolution, the City pledges to owners of the Bonds all the moneys and securities held in the Funds. Said moneys and securities shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding against the City, and against all parties having claims of any kind against the City, whether such claims shall have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice thereof.

Investments

Sinking Fund Investments. Moneys in the Sinking Fund may only be invested in Sinking Fund Investments. Moneys on deposit in the Reserve Account of the Sinking Fund may only be invested in Sinking Fund Investments with maturities or options to redeem at par not exceeding five years.

Revenue Fund and Renewal and Extension Fund Investments. Moneys in the Revenue Fund and the Renewal and Extension Fund may be invested in any investment authorized by the laws of the State.

Construction Fund Investments. Moneys in the Construction Fund may only be invested in Permitted Investments.

Particular Covenants

Rules and Regulations. The City has and will continue to enforce reasonable rules and regulations governing the System and the operation thereof. The City covenants that all compensation, salaries, fees and wages paid by it in connection with the operation, repair and maintenance of the System will be reasonable, and that no more persons will be employed by it than are necessary, and that it will operate same in an efficient and economical manner, and will at all times maintain the same in good repair and in sound operating condition, and will make all necessary repairs, renewals and replacements, and that it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to such undertaking and enterprise.

Liens; Granting of Easements. The City will not create nor suffer to be created any lien, security interest or charge upon the System, or any part thereof, or upon the revenues derived therefrom, ranking equally with or prior to the lien and charge authorized in the Bond Resolution upon such revenues. The City will pay, or cause to be discharged, or will make adequate provisions to satisfy and discharge within sixty (60) days after the same shall accrue, all lawful claims and demands which, if unpaid, might by law become a lien upon the System, or any part thereof; provided, however, that nothing contained in the Bond Resolution shall require the City to pay, or cause to be discharged, or make provisions for, any such lien, security interest or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings and provided that the property subject to such contest is not subject to loss or forfeiture.

If no event of default under the Bond Resolution shall have happened and be continuing and provided that there is no material adverse effect on the Net Revenues, the City may at any time or times cause to be granted, whether to itself or otherwise, easements, licenses, rights-of-way (temporary or perpetual and including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the System and such grant will be free from the lien or security interest of the Bond Resolution or the City may cause to be released existing easements, licenses, rights-of-way and other rights or privileges in the nature of easements, held with respect to any property included in the System with or without consideration.

Sale of Assets. So long as any of the Bonds are outstanding, the City will not sell or otherwise dispose of the System or any integral part thereof, except it may sell the System as a whole, or substantially as a whole, if the proceeds of such sale are at least sufficient to provide for the payment of all Bonds, and any interest accrued or to accrue thereon, and that the proceeds of any such sale are deposited in trust and applied by the City to the extent necessary to purchase or redeem the Bonds. Nothing, however, will preclude (i) sales in the ordinary course of

business or, (ii) a sale of a part of the System where the sale would not, in any way, materially adversely affect the revenues of the System as certified by the Consulting Engineers, and provided further that the proceeds from such sale of a part of the System are used for extensions and improvements to the System, or applied toward the purchase, defeasance or redemption of Bonds until all such Bonds are paid. Prior to such application following a partial sale of the System, the City will receive an opinion of nationally recognized bond counsel to the effect that such application will not adversely affect the exclusion from gross income for federal income tax purposes on any Bond.

Insurance. The City will cause to be bonded its employees or agents handling funds of the System in amounts considered necessary and adequate for its protection and it will procure and maintain insurance on the physical properties of the System of the kinds and in the amounts normally carried by private companies or other agencies engaged in the operation of similar properties so long as Bonds are outstanding. Such insurance will include: (a) Fire and property damage; (b) Public liability insurance relating to the operation of the System; (c) Vehicular public liability insurance on any vehicle owned or operated by the City and used in the operation of the System. Such insurance may provide reasonable and customary coverage and deductibles for agencies and governmental authorities operating water and sewerage systems. Such insurance will be purchased from a responsible insurance company or companies authorized and qualified to do business in the State. If the City is unable to obtain such insurance legally and on reasonable and customary terms to the extent required, the City will maintain such insurance to the extent reasonably obtainable, as may be now or hereafter authorized by State law. The proceeds of such fire and property damage policies have been pledged as security for the Bonds, but will be available for and will, to the extent necessary and desirable, be applied to the repair and replacement of the damaged or destroyed property and may be pledged on a parity basis as security for any revenue bonds issued by the City. In the event the proceeds of such policies are not used for that purpose, then the proceeds will be deposited in the Renewal and Extension Fund; provided, however, that all such repairs or replacements must be made in all instances whereby failure to do so would materially adversely affect the revenues of the System. Proceeds from the fidelity bonds on employees and agents will be paid into the appropriate fund. All insurance policies and fidelity bonds will be open to the inspection of the bondholders or their duly authorized representatives at all reasonable times.

Events of Default; Remedies

Events of Default. Each of the following events is an “event of default”: (a) payment of the principal of and any redemption premium on any of the Bonds is made when the same shall become due and payable, either at maturity or by proceedings for redemption; or (b) payment of any installment of interest is made when the same becomes due and payable; or (c) the City shall, for any reason, be rendered incapable of fulfilling its obligations under the Bond Resolution; or (d) the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in the Bond Resolution, on the part of the City to be performed, and such default continues for thirty (30) days after written notice, specifying such default and requiring same to be remedied, shall have been given to the City by any bondholder; provided, however, if the default stated in the notice cannot be corrected within such 30-day period, it shall not be a default if such default is capable of being cured, the City institutes corrective action and diligently pursues it until the default is cured and such cure period does not exceed 90 days.

Acceleration. Upon the happening and continuance of any event of default, then and in every such case the owners of not less than a majority of the principal amount of outstanding Bonds may, by a notice in writing to the City, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same will become and be immediately due and payable; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, all arrears of interest, if any, upon the Bonds then outstanding, and all other indebtedness secured by the Bond Resolution, except the principal of and interest on any Bonds not then due by their terms, and the interest accrued on such Bonds since the last interest payment date, shall have been paid, or shall have been provided for by deposit with the Paying Agent for such Bonds of a sum sufficient to pay the same, and every other default in the observance or performance of any covenant, condition or agreement in the Bonds, or in the Bond Resolution, shall be made good, or provisions therefor satisfactory to such bondholders shall have been made, then and in every such case the owners of not less than a majority of the principal amount of outstanding Bonds may, by written notice to the City, rescind and annul such declaration and its consequences, but no such rescission or annulment will extend to, or affect, any subsequent default or impair any right consequent thereto.

Remedies. Upon the happening and continuance of any event of default, then and in every such case any bondholder may proceed, to protect and enforce the rights of the bondholders by a suit, action or special proceedings in equity, or at law, for the specific performance of any covenant or agreement contained in the Bond Resolution or in aid or execution of any power granted in the Bond Resolution, or for the enforcement of any proper legal or equitable remedy as such bondholder shall deem most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law.

Restoration. In case any proceeding taken by any bondholder on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such bondholder, then and in every such case the City and the bondholders shall be restored to their former positions and rights, respectively, and all rights, remedies, powers and duties of the bondholders shall continue as though no such proceedings had been taken.

Equal Benefit. No one, or more, owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security granted and provided for in the Bond Resolution, or to enforce any right under the Bond Resolution, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of such outstanding Bonds.

Supplemental Proceedings

With the consent of the owners at least a majority of the principal amount of outstanding Bonds, the City may, from time to time and at any time, adopt such resolution or resolutions supplemental to the Bond Resolution as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any supplemental resolution or in the Bonds; provided, however, that nothing shall permit, or be construed as permitting: (a) the extension of the maturity of any Bond; (b) the reduction in the principal amount of any Bond or the alteration of the rate or rates of interest thereon or any other modification of the terms of payment of such principal or interest; (c) the reduction of the percentage of the principal amount of outstanding Bonds required for consent to such supplemental resolution; (d) the creation of any lien on the Net Revenues of the System prior to or superior to the lien created as the security for the payment of the Bonds. A modification or amendment of the provisions with respect to the Sinking Fund is not to be deemed a change in the terms of payment.

Nothing contained in the Bond Resolution, however, shall be construed as making necessary the approval by the bondholders of any resolution not inconsistent with the terms and provisions of the Bond Resolution and any supplemental proceedings (i) to cure any ambiguity or formal defect or omission in the Bond Resolution or in any supplemental proceedings, (ii) to provide for the issuance of Additional Bonds (including, without limitation the addition of events of default and remedies relating to any Additional Bonds), (iii) to grant any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders by the City, (iv) to further expand or clarify the amounts required to be paid into the Sinking Fund and the timing thereof; (v) to provide for the deposit into the Reserve Account of a Debt Service Reserve Surety Bond; (vi) to modify, amend or supplement the Bond Resolution or any supplemental proceedings in such manner as to permit the qualification of the Bond Resolution under the Trust Indenture Act of 1939 or any federal statute hereinafter in effect; (vii) to make any modification or amendment of the Bond Resolution required in order to make the Bonds eligible for acceptance by a Securities Depository or to permit the issuance of the Bonds or interests therein in Book-Entry Form; (viii) to modify any of the provisions of the Bond Resolution in any respect provided that such modification shall not be effective until after the Bonds outstanding immediately prior to the effective date of such supplemental resolution shall cease to be outstanding and further provided that any Bonds issued contemporaneously with or after the effective date of such supplemental proceedings shall contain a specific reference to the modifications contained in such subsequent proceedings; or (ix) to make any other changes that in the opinion of counsel is not materially adverse to the interests of the bondholders.

No supplemental resolution requiring the consent of the bondholders will become effective unless the Bond Insurers and the owners of at least a majority of the principal amount of outstanding Bonds will have filed with the City within three months after the date of adoption of such supplemental resolution properly executed instruments approving the adoption of such supplemental resolution, each such instrument to be accompanied by proof of ownership of the Bonds to which such instrument refers.

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APPENDIX B

Financial Statements of the City for the Fiscal Year Ended June 30, 2023

The Series 2024 Bonds are secured solely by the Net Revenues and not by any other moneys of the City, including but not limited to General Fund moneys. The audited financial statements of the City are included in their entirety only because the financial statements for the System's operations are not prepared separately.

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CITY OF
GAINESVILLE
GEORGIA

FINANCIAL SERVICES

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023



CITY OF GAINESVILLE, GEORGIA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

***Prepared by the Financial Services Group
Jeremy Perry,
Chief Financial Officer***



GAINESVILLE

CITY OF GAINESVILLE, GEORGIA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023



GAINESVILLE

CITY OF GAINESVILLE, GEORGIA
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OFFICIALS OF THE CITY OF GAINESVILLE

LEGISLATIVE BRANCH

CITY COUNCIL

Sam Couvillon	Mayor
Danny Dunagan (WARD 1)	Council Member
Zack Thompson (WARD 2)	Council Member
Barbara B. Brooks (WARD 3)	Council Member
George Wangemann (WARD 4)	Council Member
Juli Clay (WARD 5)	Council Member

OFFICERS OF THE COUNCIL

Denise Jordan	City Clerk
Abbott S. Hayes, Jr.	City Attorney

JUDICIAL BRANCH

G. Hammond Law, III	Municipal Court Judge and Administrative Hearing Officer
Inez Grant	City Solicitor

EXECUTIVE BRANCH

CITY MANAGER AND DEPARTMENT DIRECTORS

Bryan Lackey	City Manager
Angela Sheppard	Assistant City Manager
Jeremy Perry	Chief Financial Officer
Rodger Hogan	Director of Chattahoochee Golf Course
Robyn Lynch	Director of Gainesville CVB
Perry R. Ligon	Director of Community Development
Phillippa L. Moss	Director of Community Service Center
Janeann Allison	Administrative Services Director
Brandon Ellis	Chief of Fire
Kate Mattison	Director of Parks and Recreation
Jay Parrish	Chief of Police
Linda MacGregor	Director of Water Resources
Chris Rotalsky	Director of Public Works
Jonathan Reich	Director of Information Technology



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Presented to

**City of Gainesville
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

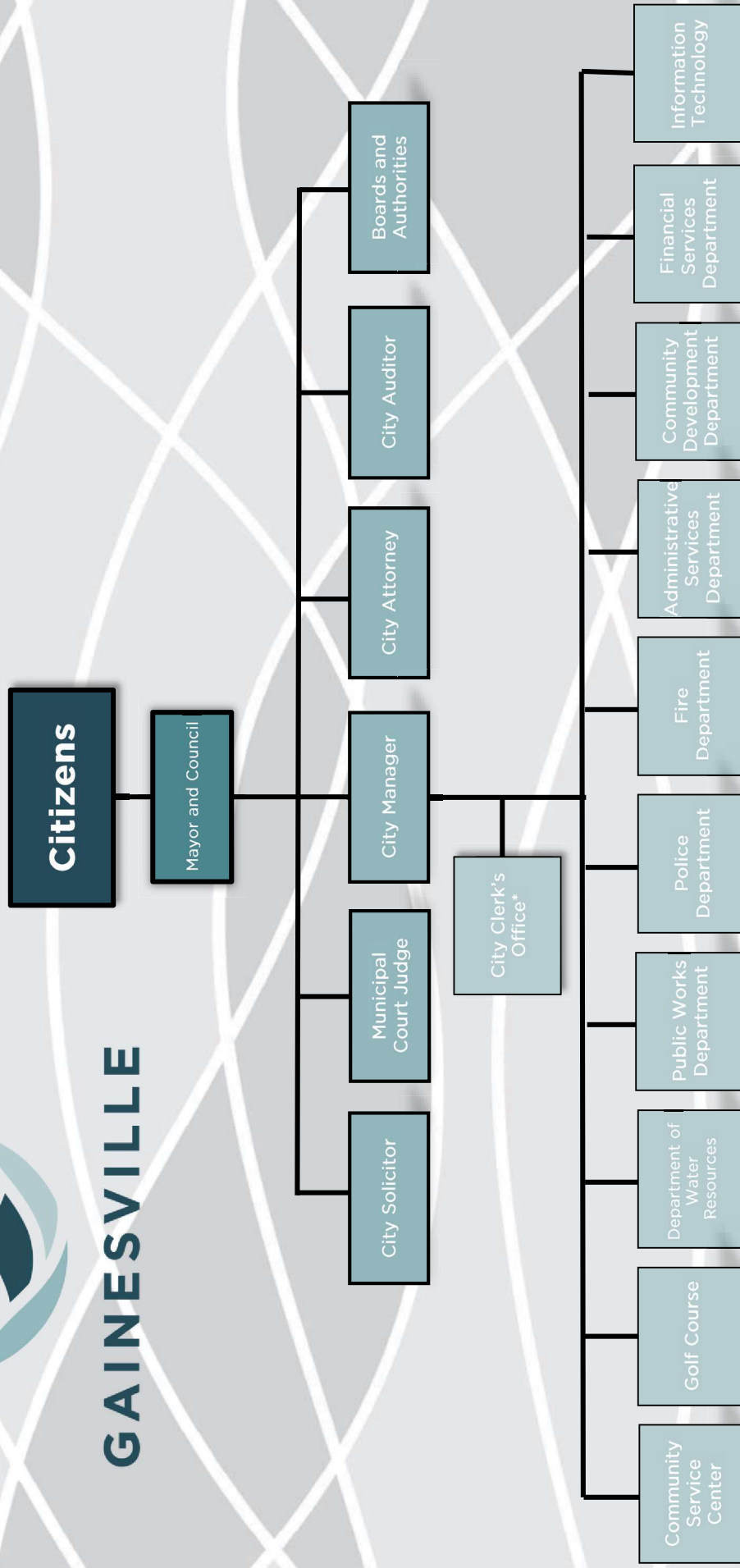
Christopher P. Morrill

Executive Director/CEO



GAINESVILLE

CITY OF GAINESVILLE Organizational Chart



 = Appointed by Mayor and Council

 * Division within the City Manager's Office

CITY OF
GAINESVILLE

OFFICE OF THE CITY MANAGER

PO BOX 2496 GAINESVILLE, GA 30503

☎ | 770-535-6865

F | 770-535-6896

🖱 | GAINESVILLE.ORG

December 27, 2023

Citizens, Mayor, and Members of the City Council
City of Gainesville, GA:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Gainesville (the City) for the fiscal year ended June 30, 2023 (FY23). Georgia code requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. These statements are to be presented in compliance with generally accepted accounting principles (GAAP), federal and state regulations, and audited in accordance with generally accepted governmental auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we submit this report for your consideration.

This report is published to provide you and other interested parties with detailed information concerning the financial condition of the City. The report consists of management's representations concerning the finances of the City. This report was prepared by the staff of the Financial Services Department using the requirements as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The management of the City assumes full responsibility for the completeness and reliability of all of 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 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, the financial report is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the City.

Rushton, LLC, Certified Public Accountants, has audited the City's financial statements as required by Georgia Code. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for FY23 are free from material misstatement. The independent audit involved: examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the

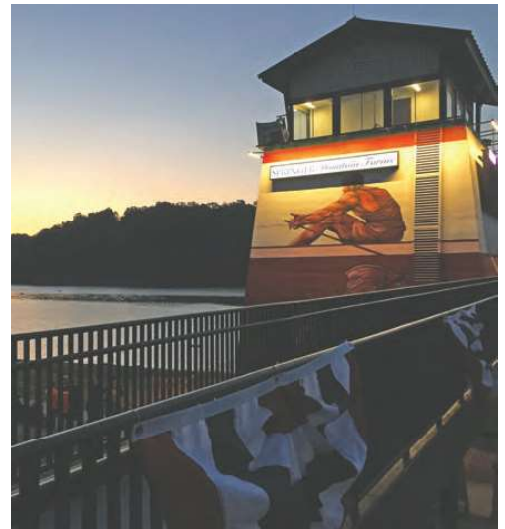
accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for FY23 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. Special emphasis is given to internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

GAAP requires 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City of Gainesville, incorporated on November 30, 1821, is located in Northeast Georgia, approximately 50 miles northeast of Atlanta. Gainesville is the principal city and county seat of Hall County. Bordered on the west by Lake Sidney Lanier, Hall County lies at the southern edge of the Chattahoochee National Forest and the foothills of the Blue Ridge Mountains. According to the 2020 U.S. Census, Gainesville has a population of 42,296, while Hall County's population is 203,136. Census Bureau estimates for 2022 show Gainesville and Hall County's population at 45,282 and 212,692, respectively, with an estimated 150,000 commuters who work and shop in the City during day-time hours. The U.S. Census Bureau has recognized Gainesville-Hall County as among the fastest growing metropolitan areas in the country. The City is empowered to levy a property tax on real and personal property located within its boundaries. Also, the City is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.



The City operates under a Council-Manager form of government. Gainesville's City Council is composed of an elected mayor and five council members who are responsible for enacting ordinances, resolutions, and regulations governing the City. In addition, the Council appoints the City Manager, City Clerk, City Attorney, and members of various statutory and advisory boards. The City Manager is the chief executive officer of the City and is responsible for enforcement of laws and ordinances, as well as appointments and supervision of the various department directors of the municipal government. An organizational chart of The City's current structure of operation is included in the introductory section.

The City, under the guidance of the City Manager and the Council, provides a full range of services: police and fire protection; the maintenance of streets and infrastructure; parks, recreational activities, and cultural events; municipal golf course; municipal airport; planning, zoning, and building inspection services; water, sewer, and sanitation services. The City's water and sewer service is provided not only to its citizens, but also to most of Hall County.

The ACFR includes all funds of the primary government (i.e. City of Gainesville as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Gainesville Parks and Recreation, Gainesville Convention and Visitor's Bureau (Gainesville CVB), and the Land Bank Authority all meet the current guidelines of GASB Statement No. 14 and, therefore, are included as component units in the ACFR as part of the City's reporting entity. City Council appoints the Board members and exercises budgetary review for all component units. In addition, the Council establishes a designated tax levy for Gainesville Parks and Recreation. These agencies serve both the residents of the City and Hall County with their program activities. All information on these legally separate entities can be found in the Notes to the Financial Statements.



Senior Center, part of the Community Service Center

The Community Service Center is jointly funded by the City and Hall County. The Center is included in this report since all of the employees of the Center are City employees, allowing the City to establish its authority over the Center. In addition, the City exercises fiduciary responsibility over the Employees' Pension Trust Fund for the Center.

Local Economy

As the regional employment center for Northeast Georgia, Gainesville-Hall County holds the distinction of being rated by Forbes Magazine as one of the "Best Small Places for Business and Careers," including ranking 7th in job growth. The Milliken Institute study ranked Gainesville metro area as the 10th "Best Performing Small City in America" of 2023 when considering job creation, economic growth, and wage gains. While the COVID-19 pandemic created challenges for the Gainesville metro area, particularly in regards to strains placed on healthcare providers, the hospitality industry, and small business, the City has shown a strong economic recovery. Tourism has greatly rebounded as evidenced by a 61% increase in Hotel-Motel tax collections compared to pre-Pandemic collections. Local spending is also up with Local Option Sales Tax showing a 27% increase over FY22 and a 74% increase compared to pre-Pandemic collections.

In addition to the aforementioned recognitions, Gainesville-Hall County was named one of the Top Small Metros in the nation for job creation and investment by Site Selection Magazine. The Gainesville community continues to see impressive growth in both manufacturing and retail sectors. The Gainesville-Hall County is home to more than 330 manufacturing and processing facilities, including 60 international locations. According to the Greater-Hall Chamber of Commerce, Gainesville-Hall County added 1,400 new jobs and \$700 million in capital investments in a one-year period ending June 30, 2023. FY23 was another year of substantial capital investment, particularly in the manufacturing industry. An example of this is Cottrell, the largest producer of car haulers in North America, is expanding its campus and will invest \$125 million in a new 500,000-sqaure-foot facility and add to its current workforce of 1,200 employees. Another example is Kubota Manufacturing of America's plans to add a new \$190 million manufacturing facility and employing an additional 500 workers.

The poultry industry remains strong in Gainesville and has drawn other spinoff industries to the area, including those that manufacture poultry vaccines and high-tech processing equipment. The poultry industry is still the primary employer in Gainesville-Hall County, with four poultry companies ranking in the top ten employers. The poultry industry's economic and employment impact is expected to continue into the future as related businesses continue to grow. One upcoming expansion is from Mar-Jac Poultry who plans a \$171 million expansion of its Gainesville operations in the next 3-5 years. In addition to food-processing related companies, the overall manufacturing industry continues to be a significant employer, making up more than 24% of the Gainesville-Hall County workforce.

One factor unique to Gainesville in drawing new business to the area is Brenau University's Business Incubator. This is a public-private partnership that provides support to start-up companies, inventors, and entrepreneurs. The University of North Georgia and Lanier Technical College add to the community with partnerships with local companies and providing a well-trained and educated workforce.

One way in particular that the City is focusing on economic and job growth is through the development of the 85 Business Park, a 1,300-acre business park located between Athens Highway and Candler Road. The City is focused on attracting companies that are environmentally clean, automation-centered, and non-heavy industrial creating better-quality jobs with better income opportunities. Currently five of the eighteen available lots



85 Business Park Construction

have sold. One of the companies that will be headquartered in the 85 Business Park is CJ Foodville Corporation, a South Korean company producing bread, cakes, and pastries for the world-wide popular Tous Les Jours Bakeries. They plan on a \$47 million plant that will create 285 jobs. In addition to the economic impact businesses will bring to the new industrial park, the City intends to utilize part of the acreage for preservation and incorporate the property's natural features for environmental design including nature trails. A new public works and water facility will be one of the additions, too.

Gainesville serves as the regional financial and retail hub for Northeast Georgia. The Historic Downtown Square continues to flourish with popular restaurants and a mix of both trendy and traditional retail establishments found along its brick-lined sidewalks. Main Street Gainesville's successful record of attracting visitors Downtown to shop, eat, and enjoy the quaint atmosphere helps generate foot traffic and commerce for local merchants. The potential for long-term growth and development can be seen in the great transformation that is happening in Downtown Gainesville. One major Downtown project that was completed in July of 2023 is the multi-use The National development. It includes a seven-story, 130-room hotel and 157-unit apartment building. Another exciting addition to Downtown is Boot Barn Hall, the first large-scale music venue in Gainesville, and the associated Bourbon Brothers Smokehouse and Tavern restaurant. The music venue is 18,000 square feet, allowing for 1,400 general admission guests and attracts nationally known musicians. The completion and opening of the new 410-space North Parking Deck is helping support the growth and traffic these new attractions are bringing.



Pedestrian Bridge Connecting Downtown to Midtown at The Everly Apartments

Not only is Downtown thriving, but development is extending into Midtown along the Midland Greenway, part of the Highlands to Islands trail system. Several new attractions have opened in Midtown, including NoFo brewery, Grubs Market, and Remedy Distillery. In the coming year, there will be additional restaurants, retail, and residential options in Midtown. In addition to The Everly (formerly Solis) mixed-use development that opened in January 2022 with 223 apartment units and available retail space, there are additional mixed-use – living and retail – developments underway in the Midtown area. These new

developments include Solis Phase II with 180 apartments and 5,000 square feet of retail space and Midland Gainesville with a \$57 million development that includes 214 apartment units. These developments, along with The National and other planned developments are estimated to provide about 1,200 new housing units in the Downtown and Midtown areas.

In addition to the aforementioned robust business activity, Gainesville-Hall County holds the privilege of being the medical nucleus for the 14-county Northeast Georgia area with a top ranked hospital, Northeast Georgia Medical Center (NGMC) – part of Northeast Georgia Health System (NGHS) – and a number of other highly-recognized physician group practices. The excellent reputation of the City's medical facilities has drawn some of the finest physicians to the Gainesville area with healthcare employing about 1,600 workers in Gainesville-Hall County, about 15% of the workforce. *Forbes* has deemed NGHS as one of Georgia's top healthcare organizations and one of the best employers in the state and nation. NGMC alone provides more than \$4.2 billion local and state economic impact. This impact on the local economy will only continue to grow with the addition of a 927,500-square-foot expansion for its Gainesville campus which is expected to be completed in 2025. The new tower will make NGMC the third-largest hospital in Georgia by bed size.

Impressive growth in the Gainesville area is also reflected in recent years' Census data. According to 2020 Census totals, the City recognized a 27% population increase over the past decade. In the past two years, Gainesville grew by 6.2%, the highest rate of population growth among all Georgia cities its size or larger. With an estimated 38% of the City's population listed as Hispanic or Latino per 2020 Census numbers, the City takes great pride in and embraces its cultural diversity. Gainesville-Hall County expects to see continued growth in the future. The sense of community found in Gainesville, combined with a multitude of beautiful parks and recreational activities, along with easy access to Lake Lanier and to large metropolitan areas makes Gainesville an attractive place to call home.

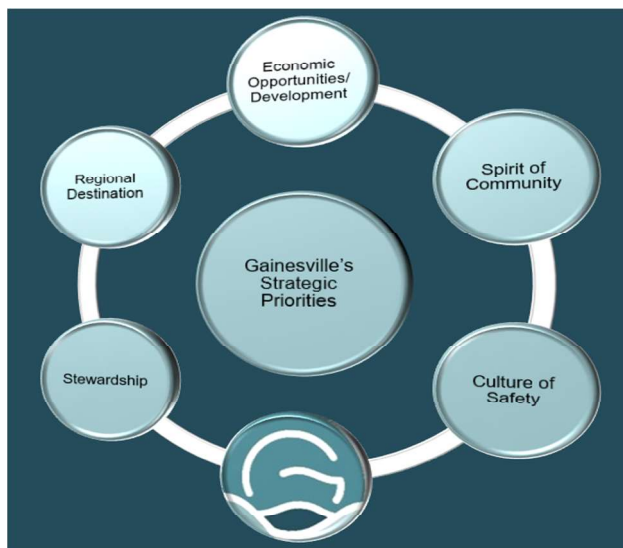
With the City's population increase and continual progress and development of multiple industries, certain services must be in place to support this growth. Gainesville's Department of Water Resources continues to support residents, current industries, and expanding developments throughout Hall County, serving over 60,000 water customers. The Department withdraws water from Lake Lanier, treats the high-quality source water to stringent drinking water standards, and pumps the water to residences and businesses throughout the County. For over 10,000 of those customers, the Department takes back the wastewater, treats it to very strict limits, and returns the highly treated water to Lake Lanier. In addition to water treatment, the Department addresses stormwater water issues within the City limits. The Department employs highly qualified and state-certified water professionals in treatment, collection and distribution, laboratory, engineering, and other areas of expertise. In FY23 the Department managed \$55 million of capital projects to maintain and expand the systems and are investing in modern state-of-the-art equipment that is energy efficient and adds reliability to its operations.



Department of Water Resources Lift Station

Major Initiatives

Gainesville adopted its 2040 Comprehensive Plan, maintaining the Georgia PlanFirst Community designation by the Georgia Department of Community Affairs' by clearly demonstrating an established pattern of successfully implementing the Local Comprehensive Plan. In line with the City's comprehensive plan, each year the City assesses its strategic priorities as it looks into the future, centering on the needs and wellbeing of the citizens and the community at large. There are five strategic priorities: Economic Opportunity/Development, Spirit of Community, Culture of Safety, Stewardship, and Regional Destination.



Aligning with the City's strategic priorities, as previously mentioned there are multiple ongoing and recently completed projects that evidence the strategic thinking and reimagining of Gainesville's Downtown and Midtown. These projects are bringing much needed residential spaces and additional retail and restaurant opportunities to the areas which support the City's economic priorities in its strategic vision. Along with the growth these economic development projects are bringing comes increased need for infrastructure support, services, and options for transportation, in addition to opportunities for community involvement.

In July of 2022, the City officially opened its new North Parking Deck for public use. This is the third parking deck in the Downtown area, helping to accommodate the increased need for parking by residents, employees, and visitors to Downtown. There is additional construction ongoing near the North Parking Deck that will add two additional restaurants that will provide visitors additional Downtown dining options.



The Lee Gilmer Airport, a popular general aviation airport, is undergoing updates to support the area growth. In conjunction with the Federal Aviation Administration and the Georgia Department of Transportation, the City's Airport is undergoing major improvements and upgrades of about \$5 million that include the repaving of the runways. These improvements will help ensure that Gainesville continues to be a regional destination and hub for businesses.

Along with economic development and the need for additional infrastructure comes the need to maintain a culture of safety. The City's Public Safety Departments are committed to increasing responsiveness and are leaders in innovative ways of protecting the City's citizens, visitors, and property. The City continues to support its Public Safety Departments by providing the best training and equipment so they can maintain quick response times and provide high-standards of protections for its citizens. Currently, a project is underway for the construction of a new public safety training facility that will only add to the training and responsiveness of the City's Police Department. Gainesville's Fire Department has a

unique challenge with the City being centered around Lake Sidney Lanier. It responds to property, homes, docks, and marinas a long the lake. The City is in the process of purchasing a Fire Rescue Boat that will allow for fast water delivery, personnel deployment, and rapid response rescue operations for residents, visitors and property in the lake and along its shoreline.

The City's strategic priority of spirit of community centers on ensuring that all who call Gainesville home are enriched and benefited by its efforts and development. One great way in the City supports its residents and visitors is through its transformative transit option. Since its launch in December 2021, the WeGo on-demand vanpool service has not only met, but surpassed all expectations, providing transportation for over ten thousand residents and visitors across Gainesville-Hall County. *WeGo Powered by Via* app, accessible via smartphones, has become the go-to platform for individuals looking to seamlessly book rides and foster connections with the people, places, and activities that matter most to them. WeGo has particularly gained popularity among commuters traveling to work, students heading to college campuses, and individuals navigating visits to local government offices, nonprofit organizations, or shopping destinations. The service has not only proven to be convenient, but has also established itself as an affordable and efficient means of transportation within the town. Acknowledging the rising demand, WeGo has responded proactively by extending its service hours Monday through Friday and is actively considering the introduction of Saturday services, demonstrating its commitment to meeting the evolving needs of the community. The success and adaptability of WeGo underscore its vital role in enhancing accessibility and connectivity throughout Gainesville-Hall County.



WeGo Transit Vehicle

The City is addressing connectivity and walkability in other ways, especially through Downtown and Midtown. The Highlands to Islands trail system is a multi-use trail system that connects various cities in Hall County. Downtown Gainesville connects Veterans Park and Midland Greenway, two important sections of the trail system. Gainesville's Historic City Hall building and Roosevelt Square are important part Downtown's trail system connection. Plans are currently underway for the renovation of City Hall and Roosevelt Square so these central parts of Gainesville's history can continue to play vital roles in years to come. City officials along with a group of invested citizens worked with architects to develop a plan for future use of City Hall that has been unoccupied for several years. To fill the gap in meeting space needed in Downtown, Historic City Hall is currently in the process of a \$1.5 million renovation to create space for meetings, conferences, and special events. City Hall's central location is walking distance to three hotels and convenient to many dining, retail, and entertainment options.

An important aspect to any community is enhancing the health and wellbeing of its citizens by creating access to recreation and greenspace. Nationally recognized and accredited, Gainesville Parks and Recreation Department maintains and operates eight major facilities, 20 parks, and over 400 acres of park land. The Department continues to enhance and expand the City's parks, outdoor trail system, recreational facilities, and recreation programs. Several projects along the Midland Greenway were completed in the past year including adding lighting to the walkway and plaza areas and the opening of the dog park. Additional projects are planned in the coming year to continue to enhance the widely used Midland Greenway including the construction of stage and plaza. In addition to enhancements of the City's trail system, construction continues on the new J. Melvin Cooper Youth Athletic Complex that will be on 89 acres of land and include five ball diamonds, one multipurpose field, a walking path, track, and playground. The athletic complex will provide much needed additional space for youth programming and is expected to bring \$6 million in economic impact annually.



Midland Greenway Dog Park

Another project that will have a substantial impact for the City, while aligning with its strategic priority of being a regional destination, is the construction of a new multiuse Boathouse at the Lake Lanier Olympic Park Boathouse. The Olympic Park helps draw visiting athletes to the Gainesville area generating over \$5 million of economic impact annually to the community. Construction of the \$21 million Boathouse began in August 2022 and is expected to be completed by early 2024. The Boathouse will provide boat storage and fitness center on the lower level and on the upper level will feature 17,000 square feet of meeting space, a catering kitchen, and patio seating overlooking the lake. The new Boathouse is expected to double the venue's annual economic impact by drawing visiting athletes, increasing participation in regattas, and providing a beautiful place to host events along the shoreline of Lake Lanier.

Long-Term Financial Planning

The City of Gainesville has a bond rating of Aa1 by Moody's Investor Service and an AA rating by S&P Global Ratings. This stable bond rating is a reflection of the City's large and growing tax base, conservative fiscal management, operating effectiveness, and long-term overall financial stability. The Aa1 rating emphasizes a strong liquidity position and low-level credit risk the City poses to potential investors and, therefore, will allow the city to utilize long-term debt to provide resources to finance needed capital improvements.

The City of Gainesville maintains a flexible, yet thorough, five-year capital improvement plan whereby capital needs are identified several years before funding and implementation, to allow adequate time for planning. This plan also provides for the orderly purchase of needed equipment and facilities and allows for the efficient allocation of limited financial resources.

The City's current five-year capital improvements plan has identified \$275.7 million in projected expenditures through fiscal year 2028. Of this, \$51.9 million has been approved to be expended in FY24. Notable general government capital improvements in FY24 will include the following: \$415,000 for Information Technology network upgrades and security;



\$924,000 for replacement Police vehicles; \$1.1 million for greenway connectivity and expansion; \$840,000 for WeGo transit vehicles; and \$1.4 million for street resurfacing projects. Compared to FY23's capital improvement budget of \$35.3 million, there was a significant increase due to major upgrades of maintenance to water and sewer facilities in FY24.

The Department of Water Resources (DWR) has its own, separate and robust capital improvements program to continue providing for the needs of the community. A main focus for DWR, while complying with regulatory requirements, is ensuring high standards are met for safe drinking water and environmental protection. Aligning with this focus, the Department has begun projects including a new solids dewatering facility, new sewer lift stations, water treatment plant improvements, stormwater improvements, and water line replacements and relocations.

The major source of funding for DWR capital projects in FY24 are loans from the Georgia Environmental Finance Authority (GEFA). Proceeds from the loans will go towards required maintenance, improvements, and expansion to serve new customers. The improvements will meet new requirements, incorporate new technology, increase efficiency, and reduce operating costs.

Budgeted Fund Balance is the largest funding source for the general government in FY24. This funding source represents surplus funds from previous years and is typically used for one-time purchases. Also, Special Local Option Sales Tax (SPLOST) is a large source of funding for capital improvement projects.

Another major source of funding for the City's capital projects are bond proceeds. If necessary, the City may choose to issue general obligation bonds for capital improvement projects that are too expensive to be financed from current revenue sources. The City issued revenue bonds through the Gainesville Redevelopment Authority in October 2022, the proceeds of which will be used towards the construction of the J. Melvin Cooper Youth Athletic Complex, the Lake Lanier Olympic Park Boathouse, and retail space near the North Parking Deck. There are two series included in this issuance of revenue bonds. Series 2022A (non-taxable) was issued for \$33.9 million and Series 2022B (taxable) was issued for \$3.6 million. As previously discussed these projects are part of the City's major initiatives and align with its strategic priorities.

Relevant Financial Policies

In accordance with Georgia statutes, the City operates under an annual budget adopted by local resolution and serves as the foundation for the City's financial planning and control. The City's budget is adopted each year by City Council on or before June 30th at a regular Council meeting that is open to the public. The budget is balanced for each budgeted fund. Total anticipated revenues and a portion of fund balance should equal the fund's anticipated expenditures. The level of legal budgetary control is maintained at the fund/department level. Department directors may request budget adjustments through the Financial Services Department, provided that the adjustment does not increase the overall budget or personal services allocation for that department.

The City attempts to establish an unreserved fund balance in the General Fund. The purpose is to pay expenditures caused by unforeseen emergencies, handle shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve should accumulate and retain no less than two months of operating expenditures.

The City's Investment and Cash Management policy states that the City should make investments with prudence, judgement, and care with the primary objective of safety and secondary objective of obtaining competitive market rates of return. Maximum opportunity is provided to all local financial institutions to bid and compete for City investments due to the importance of the financial institutions to the local economy. The City continues leveraging different strategies and investments to gain conservative investment earnings.

The City requires that current expenditures be financed with current revenues that include the portion of fund balance in excess of authorized reserves. The City should avoid budgetary procedures that balance current expenditures through the obligation of future resources, or which finance on-going expenditures with one-time revenues. It strives to avoid short-term borrowing in order to meet budgetary requirements.

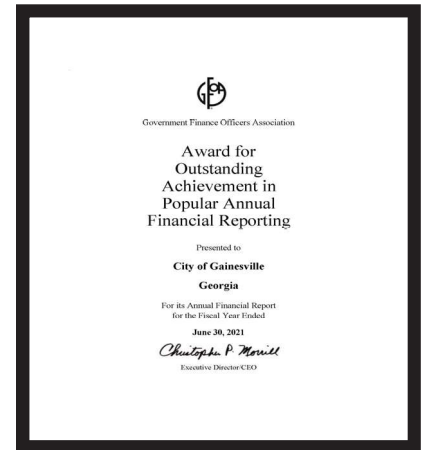
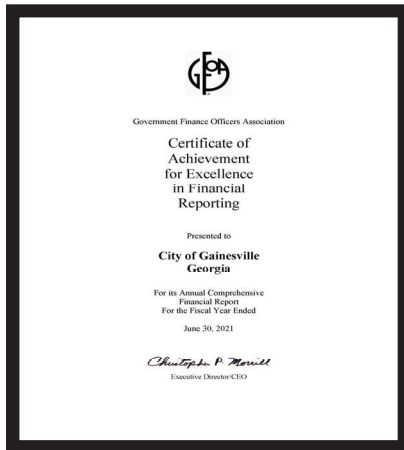
The City is permitted to issue debt in any form that does not contradict the existing constitution and laws of the State of Georgia. It will only utilize long-term debt for capital improvement projects that are too expensive to be financed from current revenue sources. The debt should be paid back within a period of time that does not exceed the life of the project financed.

Awards and Acknowledgment

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, Georgia for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the thirty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Gainesville, Georgia, for its Annual Budget for the fiscal year beginning July 1, 2022. This was the thirtieth consecutive year the City achieved this prestigious award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) to the City of Gainesville, Georgia for its PAFR for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Gainesville has received a Popular Award for the last nine consecutive years (fiscal years ended 2014-2022). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



The preparation of this report could not have been accomplished without the efficient and dedicated services of our entire staff of the Financial Services Department who contributed to its preparation. Special recognition is given to the City's Deputy CFO of Audit and Financial Operations, Mary Beth Cooper, who is the person primarily responsible for the Annual Comprehensive Financial Report preparation. Enormous thanks go to the staff of our accounting firm, Rushton, LLC (especially Chris Hollifield and Samuel Latimer) for their technical guidance and assistance to make this a quality report.

Additionally, we would like to thank the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances and their continued support of the City's professional staff. The Council's vision and input are the guiding factors that enable the City staff to work towards keeping and promoting the City of Gainesville as a great place to live, work, learn, and play.

Respectfully submitted,

Bryan Lackey
City Manager

Jeremy Perry
Chief Financial Officer

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Gainesville, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of June 30, 2023, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund, Fire Fund, and American Rescue Plan Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gainesville, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gainesville, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Gainesville, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gainesville, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information on pages 4 through 20 and 123 through 137 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia’s basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Gainesville, Georgia’s basic financial statements for the year ended June 30, 2022, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Georgia’s basic financial statements as a whole. The combining and individual fund financial statements and schedules related to the 2022 financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the City of Gainesville, Georgia’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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* in considering the City of Gainesville, Georgia’s internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
December 27, 2023



GAINESVILLE



THE CITY OF GAINESVILLE, GA MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

As management of the City of Gainesville, it is our pleasure to present this narrative discussion and analysis of the City of Gainesville's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2023. The purpose of this narrative is to provide objective and easily readable analysis of the City's annual financial performance, current financial position, and projections for its future stability. This narrative should also assist readers in making timely and meaningful financial decisions based on the City's financial transparency. This analytical information is designed to be read in conjunction with the Letter of Transmittal located on pages xi-xxii of this Annual Comprehensive Financial Report and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City of Gainesville's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2023 by \$764.8 million (reported as *net position*). Of this amount, \$41.7 million (reported as unrestricted net position) may be used to meet the City's ongoing obligations.
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$113.7 million. Approximately 12.1% of this total amount, \$13.8 million, is unassigned fund balance in the General Fund that is available for spending at the City Council's discretion.

More detailed information regarding these activities and funds begins on page 9.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis narrative is intended to serve as an introduction to the City's basic financial statements that are composed of three elements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to our basic financial statements, this report also contains required supplementary information.

Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is the overall financial position and activities of the City of Gainesville. It is designed to provide readers with an overview of the City's financial activities in a manner similar to a private business. The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about the City of Gainesville using the accrual basis of accounting, which is similar to basis of accounting used by most private-sector businesses. All of the current year's revenues and expenses were considered regardless of when cash is received or paid.

The **Statement of Net Position** (pages 21-22) presents information on the City's total assets and deferred outflow of resources and the total liabilities and deferred inflow of resources. The difference between these is reported as net position. The City reports all of its assets and deferred outflows of resources when it acquires ownership. All of its liabilities and deferred inflow of resources are reported when they are incurred. Although City's goal is not to accumulate net position, in general, an increase in net position indicates that the financial position of the City is improving over time.

The **Statement of Activities** (page 23), on the other hand, presents the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting mentioned earlier, where revenues are recognized when earned and expenses are recognized when incurred, even when money may not be received or used in the current period. The difference between revenues and expenses is reported as change in net position. The primary focus of the Statement of Activities is the net cost of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, the City of Gainesville is divided into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.
- **Business-type activities** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City's water and sewer system and garbage collection fees are reported in this category.
- **Discretely Presented Component Units** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. Gainesville Parks and Recreation, Gainesville Convention and Visitor's Bureau (Gainesville CVB), and the Land Bank Authority, although legally separate, function for all practical purposes as departments of the City of Gainesville. Therefore, these component units have been included as an integral part of the primary government.

The City's government-wide financial statements are presented on pages 21-23.

Fund Financial Statements (Reporting the City's Major Funds)

In contrast to government-wide financial statements that focus on the City as a whole, the focus of fund financial statements is specific activities of the City in its most significant funds. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 138. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

Governmental Funds

These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

There are often significant differences between the totals of the governmental fund and government-wide financial statements due to the different accounting methods used to prepare them and the narrower scope of the governmental fund 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. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided after each statement.

The City of Gainesville maintains twenty individual governmental funds. Information for major funds is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's major governmental funds are the General Fund, Fire Services Fund, American Rescue Plan Act Fund (ARPA), Special Purpose Local Option Sales Tax (SPLOST) Capital Projects Fund, and General Government Capital Projects Fund. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 138-141 of this report.

The City of Gainesville adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The City's basic governmental fund financial statements are presented on pages 24-32 of this report.

Proprietary Funds

When the City charges customers for the services it provides, whether to outside customers or to other departments of the City, services are generally reported in proprietary funds. The City maintains two different types of proprietary funds: Enterprise funds and Internal Service funds. Proprietary funds are prepared using the same accrual basis of accounting used in the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Gainesville's enterprise funds are the Department of Water Resources (DWR) Fund, which is considered a major fund, the Solid Waste Fund, the Airport Fund, and the Chattahoochee Golf Course Fund.

Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes internal services funds for Vehicle Services, General Insurance, and Employee Benefits. Due to the nature of the City's internal service funds, they are reported as governmental activities on the government-wide statements.

The City's proprietary fund financial statements are presented on pages 33-37.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are presented in the fund statements, but they are not reflected in the government-wide financial statements since the resources of those funds are not available to support the City of Gainesville's own programs. The accrual basis of accounting is used for fiduciary funds, the same method used for governmental and proprietary funds.

The City acts as a trustee or fiduciary for its employee pension plan. It is also responsible for other assets that, because of the nature of the trust or agency arrangement, can be used only for the trust or agent beneficiaries. These include the Community Private-Purpose Trust, Employees' Pension Trust, and Municipal Court Custodial Fund.

The City's fiduciary fund financial statements are presented on pages 38-39.

Notes to the Financial Statements

The notes to the financial statements provide additional detail that is essential for 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 43-122 of this report.

Other Supplementary Information

Following the basic financial statements is other supplementary information which includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are combined by fund type and presented in single columns on the basic financial statements, but unlike major funds, they are not reported individually on the government-wide financial statements.

Other supplementary information includes two schedules (pages 26 and 29), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements while they are reported as deferred revenue on the fund statements.
- Internal service funds are reported as governmental activities on the government-wide statements; they are reported as proprietary funds in the fund financial statements.
- Long-term liabilities, such as lease obligations, compensated absences, bonds, notes, and contracts payable, among others only appear as liabilities in the government-wide statements, unless they are both due and payable.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund financial statements.
- Bond, note, and contract proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, while they are reported as expenditures on the governmental fund financial statements.
- Transfers of capital assets between governmental activities and business-type activities are not recorded in the governmental fund financial statements.

OVERVIEW OF THE CITY'S FINANCIAL POSITION AND OPERATIONS

The City's overall financial position and results of operations for the past two fiscal years are summarized as follows based on the information included in the government-wide financial statements (see pages 21-23):

City of Gainesville Statement of Net Position Fiscal Years 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
	(In millions of dollars)					
Current assets	\$ 126.3	\$ 85.5	\$ 181.2	\$ 153.3	\$ 307.5	\$ 238.8
Capital assets	141.5	124.6	566.6	523.2	708.1	647.8
Other noncurrent assets	1.5	1.3	5.7	6.3	7.2	7.6
Total assets	269.3	211.4	753.5	682.8	1,022.8	894.2
Deferred Outflows of Resources	14.0	11.6	8.5	6.5	22.5	18.1
Current liabilities	14.4	14.0	31.4	21.0	45.8	35.0
Noncurrent liabilities	108.1	70.1	110.1	89.5	218.2	159.6
Total liabilities	122.5	84.1	141.5	110.5	264.0	194.6
Deferred Inflows of Resources	7.8	3.9	8.7	6.6	16.5	10.5
Net position:						
Net investment in capital assets	106.6	106.8	480.7	453.9	587.3	560.7
Restricted	31.4	26.6	104.4	93.5	135.8	120.1
Unrestricted	15.0	1.6	26.7	24.9	41.7	26.5
Total net position	\$ 153.0	\$ 135.0	\$ 611.8	\$ 572.3	\$ 764.8	\$ 707.3

Over time, net position may serve over time as a useful indicator of a government's financial position. The City of Gainesville reported a \$18.0 million increase in net position for governmental activities, while posting \$39.5 million in positive growth for business-type activities. Overall, the City's net position rose \$57.5 million to close the current fiscal year with a net position of \$764.8 million; much of the net position is invested in capital assets or is restricted on how it can be used.

The largest portion of the City of Gainesville's net position, 76.7%, reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment, and infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The net investment in capital assets increased by \$26.6 million from previous year totals, from \$560.7 million to \$587.3 million.

The City uses 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.

Restricted net position comprises the second largest component, constituting 17.8% of total net position. Restricted net position experienced a \$15.7 million gain during the past year, jumping from \$120.1 million to \$135.8 million at the end of fiscal year 2023 (FY23). Restricted net position represents funds that are limited in how they may be spent; these constraints are imposed by external sources, enabling legislation, or constitutional provision.

Unrestricted net position represents 5.5% of total net position. The statement indicates a \$41.7 million balance at the end of this fiscal year, an increase of \$15.2 million from fiscal year 2022 (FY22). The City having a positive unrestricted net position should be interpreted as the City having currently available resources that are greater than long-term commitments.

Unrestricted net position for governmental activities increased by \$13.4 million between fiscal years 2022 and 2023, increasing the balance from \$1.6 million to a surplus of \$15.0 million. Business-type activities showed a \$1.8 million increase in unrestricted net position. Total unrestricted net position for business-type activities cannot be used to add to the net asset surplus in governmental activities. Generally, the City can only use the resources in business-type unrestricted net position to finance the ongoing operations of the business-type activities.

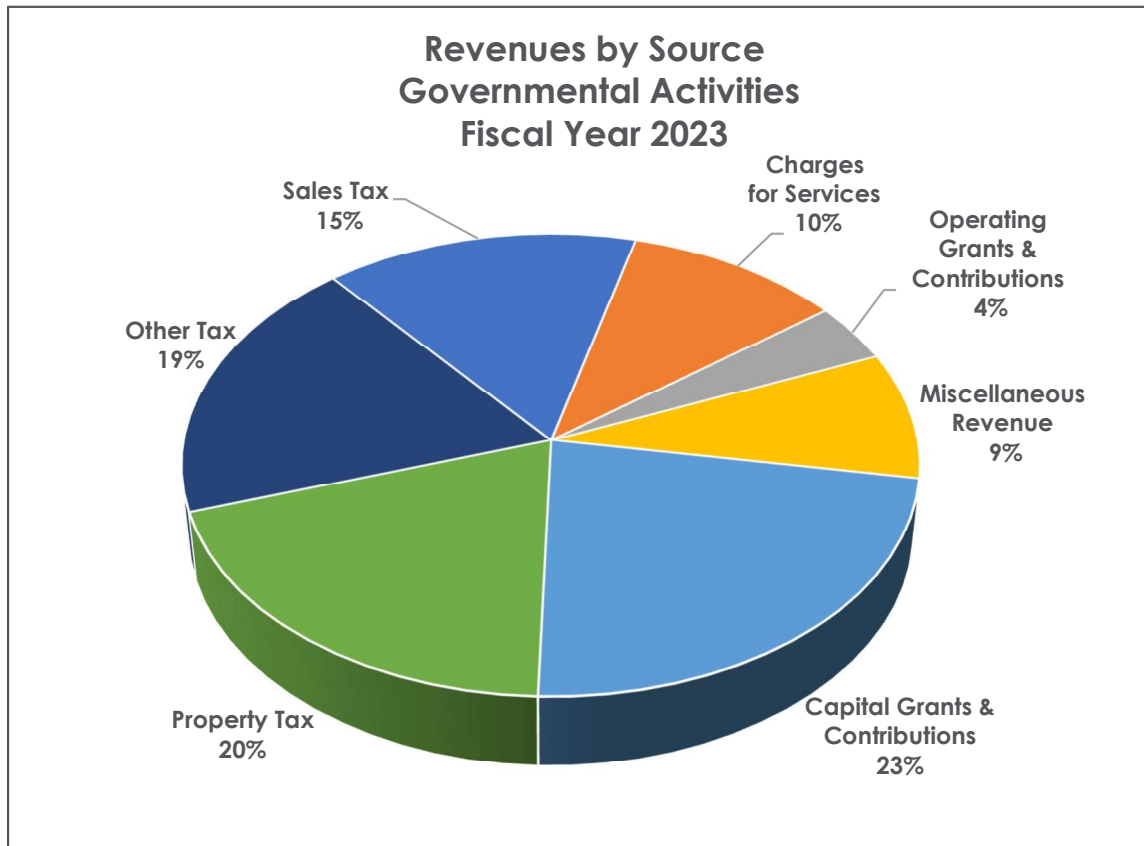
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Gainesville's net position changed during the fiscal year.

City of Gainesville
Changes in Net Position
Fiscal Years 2023 and 2022

	Governmental Activities		Business - type Activities		Total	
	2023	2022	2023	2022	2023	2022
(In millions of dollars)						
Revenues						
Program revenues:						
Charges for services	\$ 7.9	\$ 9.3	\$ 86.9	\$ 83.0	\$ 94.8	\$ 92.3
Operating grants and contributions	3.0	2.6	0	0.0	3.0	2.6
Capital grants and contributions	17.1	21.9	14.8	18.6	31.9	40.5
General revenues:						
Property taxes	14.6	12.5	0	0	14.6	12.5
Sales tax	11.4	9.0	0	0	11.4	9.0
Other taxes	14.1	12.6	0	0	14.1	12.6
Miscellaneous revenue	6.6	(1.3)	13.7	5.4	20.3	4.1
Total revenues	74.7	66.6	115.4	107.0	190.1	173.6
Expenses						
General government	9.8	10.9	0	0	9.8	10.9
Judicial	0.7	0.7	0	0	0.7	0.7
Public safety	24.9	23.6	0	0	24.9	23.6
Public works	8.7	12.4	0	0	8.7	12.4
Health and welfare	3.8	3.2	0	0	3.8	3.2
Culture and recreation	9.5	3.7	0	0	9.5	3.7
Housing and development	6.1	5.2	0	0	6.1	5.2
Interest on long-term debt	1.7	0.5	0	0	1.7	0.5
Water and sewer	0	0	61.2	55.3	61.2	55.3
Airport	0	0	1.0	0.9	1.0	0.9
Solid waste	0	0	3.5	3.1	3.5	3.1
Golf course	0	0	1.8	1.5	1.8	1.5
Total expenses	65.2	60.2	67.5	60.8	132.7	121.0
Indirect Cost Allocation	1.8	1.7	(1.8)	(1.7)	0	0
Increase in net position before transfers	11.3	8.1	46.1	44.5	57.4	52.6
Transfers	6.6	9.8	(6.6)	(9.8)	0	0
Increase in net position	17.9	17.9	39.5	34.7	57.4	52.6
Net position - beginning	135.1	117.1	572.3	537.6	707.4	654.7
Net position - ending	\$ 153.0	\$ 135.0	\$ 611.8	\$ 572.3	\$ 764.8	\$ 707.3

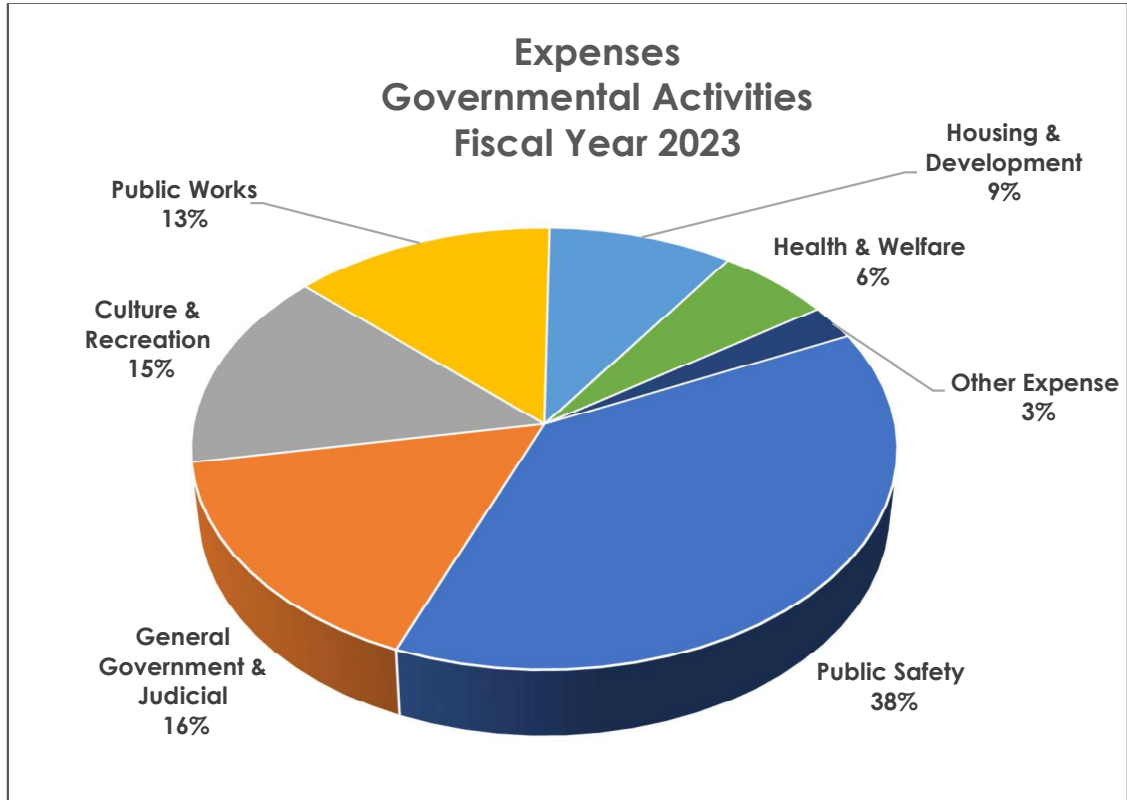
Governmental Activities

The following chart depicts revenues of the governmental activities for the fiscal year:



The revenue chart indicates that capital grants and contributions were the largest source of revenue for governmental activities during FY23. Capital grants and contributions totaled \$17.1 million or 23% of total revenues in FY23, a decrease of \$4.8 million compared to FY22. The largest sources of capital grants and contributions were SPLOST collections of \$11.5 million, a 3% increase over FY22. Property tax revenue comprised 20% of total revenues with collections of \$14.6 million. This is a 17% or \$2.1 million increase over FY22, predominately due to increased property values. Other tax, which includes franchise, insurance premium, hotel/motel, and occupational tax, represented 19% of governmental activities revenue. Other tax totals of \$14.1 million indicate a \$1.5 million increase when compared with FY22, due in part to increases of \$733,982 and \$685,083 in insurance premium and franchise tax collections, respectively. Charges for services, which constituted 10% of all revenue was down \$1.4 million from prior fiscal year collections. This is due to a 52% decrease in impact fee revenue due. FY22 was an extraordinary year for new development in Gainesville. FY23 impact fee revenues aligned more with average year collections. Sales tax revenues increased by \$2.4 million and made up of 15% of total revenue, evidence of Gainesville's continued growth. Miscellaneous revenue represents 9% or \$6.6 million. This is a significant increase from the prior fiscal year as miscellaneous revenue was negative due to the reporting of unrealized losses on investments. Since the change in the market, investment income and unrealized gain/losses are now showing significant gains of \$2.3 million. Operating grants and contributions made up 4% of total revenue, a \$426,972 increase over FY22, mostly due to increases in federal and state grant funds and private contributions for the Community Service Center's Meals on Wheels program.

The following chart depicts the expenses of the governmental activities for the fiscal year:



Overall, costs were up \$5.0 million when compared to FY22. The expense chart illustrates that 38% of total governmental activities expense for the City of Gainesville during FY23 was in payment of Public Safety services, such as fire and police protection. Public Safety expenses were up \$1.3 million from FY22, mainly due to a 13.5% increase in personnel costs including higher cost for insurance and increased retirement contributions. General government and judicial constituted 16% of total costs and showed a \$1.1 million decrease from the previous fiscal year. This decrease is mainly due to the loss on the sale of land that occurred in FY22. Culture and Recreation constituted 15% of total expenses showed a significant increase of \$5.8 million in costs from the previous year, a direct result of \$7.9 million being spent on the construction of the new youth sports complex. Public Works costs were down \$3.7 million from FY22 largely as a result of 50% fewer dollars spent on street resurfacing. Housing and Development, which made up 9% of total expenses, shows a rise in costs of \$897,527. Health and Welfare comprised 6% of total government activities expenses spending \$599,913 more than FY22. This is mostly due to the purchase of new WeGo vehicles totaling \$458,714 paid for using grant funds provided by the Georgia Department of Transportation. Finally, 3% of total expenses in governmental activities are classified as other expenses which is comprised of interest on long-term debt. Due to the issuance of two new bonds, the interest increased by \$1.2 million.

Business-type Activities

Business-type activities increased the City of Gainesville's net position by \$39.5 million, bringing total net position of business-type activities to \$611.9 million. Following are key elements of changes in business-type activities:

- Total revenue for business-type activities slightly increased, when compared to FY22 totals; revenue relating to DWR's charges for services improved by \$3.1 million, while Solid Waste and Golf revenue showed an increase of \$143,430 and \$647,360, respectively, compared to FY22 and Airport showed a slight decrease in revenue by \$82,441
- Capital Grant and Contribution revenues for the Department of Water Resources (DWR) decreased by \$7.3 million over FY22 totals. A couple of reasons for this significant decrease is that in FY22 DWR received a \$3.4 million American Rescue Plan Act Grant and recorded \$7.0 million more in contributed capital. Of note, in FY23 three lots of land held for investment by the DWR were sold in the 85 Business Park for a gain of \$10.2 million.
- Overall expenses for business-type activities were up \$6.7 million. Solid Waste, Golf Course, Airport expenses increased year-over-year by \$460,808, \$339,785 and \$91,011, respectively. These increases stemmed primarily from increased landfill charges, higher salary expense, and higher costs for repairs and maintenance. DWR's expenses increased significantly by \$5.9 million compared to FY22. The large change is due in part to increased costs for chemicals and other supplies, but mainly due to the numerous and extensive projects the Department has underway.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Gainesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Gainesville's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the City completed this year, governmental funds reported a combined ending fund balance of \$113.7 million. Of this amount, \$13.8 million or 12.1% constituted unassigned fund balance, meaning that no constraints were placed on how this money may be spent. The General Fund is the only governmental fund that can have a positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party, committed to be spent in a specified matter by formal resolution, or assigned for a specific purpose, including the fiscal year 2024 (FY24) budget.

The **General Fund** is the chief operating fund of the City. Again, at the end of the current fiscal year, the unassigned fund balance of the General Fund was \$13.8 million, while total fund balance reached \$18.8 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62.8% of total General Fund

expenditures, while total fund balance represents 85.3% of that same amount. Of the \$18.8 million total fund balance for the General Fund, \$4.9 million is assigned and is comprised predominantly of \$4.7 million which is assigned for budget.

The General Fund's total fund balance decreased by \$5 million during the current fiscal year. This decrease is due to sizable contributions to City-wide capital projects. Other key factors regarding FY23 activity are as follows:

- Tax revenue fluctuates greatly so its budget is calculated conservatively. Tax revenue over the conservative budget is used for anticipated capital projects in the next fiscal year. In FY23, total tax revenue exceeded the budget by \$7.2 million; \$4.2 million of this increase was due to better than anticipated Local Option Sales tax receipts. Franchise tax revenues exceeded budget by \$1.3, followed by Motor Vehicle tax and Insurance Premium tax exceeding budget by \$862,134 and \$311,437, respectively. Licenses and Permits exceeded budget by \$772,531, while Fines, Fees and Forfeitures exceeded budget by \$194,933. Investment income revenue reflects the dramatic turn in the market compared to last year and compared to expectations. Actual revenue exceeded budget by \$932,941. Expenditures came in under budget by \$1.8 million; personal services accounted for \$819,447 of this cost reduction, attributable to savings due to unfilled positions. Public Works expenditures were \$702,932 less than budget; \$508,374 of this savings was in personal services costs, again, due to unfilled positions.
- Transfers to the General Fund totaled \$4.8 million, with \$2.4 million originating from the American Rescue Plan Grant Fund and \$2.1 million from DWR's Fund for General Fund operations. Transfers out of the General Fund totaled \$25.4 million. The largest transfers out included the following: \$11.7 million and \$2.2 million was transferred to General Government Capital Projects Fund and SPLOST Capital Projects Fund, respectively, for various projects as needed; \$5.2 million was transferred to the Police Service Fund for operations; \$3.6 million of proceeds from the sale of land that has related debt was transferred to the Debt Service Fund to cover payments; and \$1.9 million was moved to the Fire Services Fund to assist with operations. Other transfers out included \$693,991 to the Community Service Center (CSC) Fund for operating assistance, \$71,765 to the Grants Fund, and \$31,250 to the Chattahoochee Golf Course Fund.

The **Fire Services Fund** had a \$1.4 million fund balance at fiscal year-end, all of which is assigned for Public Safety. Total revenues reported were \$8.6 million mostly stemming primarily from property and motor vehicle tax collections. Among the fund's \$10.3 million in expenditures, \$8.9 million was paid out in personal services and employee benefits expenditures. There were transfers out of \$96,219 to the SPLOST Capital Projects Fund and \$30,000 to the General Government Capital Projects Fund for vehicle fleet replacement.

The **American Rescue Plan Grant Fund** includes intergovernmental revenues totaling \$2.4 million for the grant funding provided by the American Rescue Plan Act. The full grant revenue amount received was transferred to DWR Fund to cover approved expenditures.

The **Special Purpose Local Option Sales Tax Capital Projects (SPLOST) Fund** has a \$33.8 million fund balance at fiscal year-end. Of this fund balance, \$8.8 million is restricted for Public Works projects with \$4.2 million allocated to the Greenway Connectivity project, along with the transportation plan implementation and in-house paving projects. Another \$21.2 million is restricted for Culture and Recreation projects; \$20.0 million is set aside for the J. Melvin

Cooper Youth Athletic Complex ("The Coop"). The \$2.7 million fund balance assigned for Public Works includes \$872,563 for the North Parking Deck, \$515,000 for Greenway Connectivity, \$500,000 assigned to Athens Street improvements project, and \$430,749 allocated for the roadway patching program. Among the fund's \$15.1 million in expenditures, \$7.9 million was paid towards The Coop, \$2.3 million for the Storm-water Rehabilitation program, and \$776,628 for the North Parking Deck project. The largest source of revenue for the SPLOST Fund was \$11.7 million collected from the SPLOST tax revenues. The SPLOST Fund had \$16.3 million in proceeds from long-term debt. Of the \$3.9 million transfers in, \$2.2 million was transferred from the General Fund, providing \$1.3 million of additional funding for the North Parking Deck and Elachee Bridge, as well as \$500,000 for the Athens Street improvements project.

The **General Government Capital Projects Fund** has a \$33.0 million fund balance at fiscal year-end. Of this fund balance, \$8.9 million is restricted for General Government projects with \$8.2 million allocated to the construction of the new Boathouse at Lake Lanier Olympic Park and Downtown retail space project. The \$18.8 million balance in Assigned for General Government includes \$2.2 million for the Town Square Design and Improvements project and another \$7.8 million for Downtown retail space and Boathouse projects. Another \$1.9 million is assigned for Public Safety and \$1.3 million is assigned for Public Works. Also, the General Government Capital Projects Fund has a \$2.0 million Nonspendable balance which is designated for the purchase of a fire pumper and heavy rescue fire trucks. Expenditures totaled \$17.8 million, of which \$14.6 million was paid toward the construction of the new Boathouse project. Transfers in to the General Government Capital Project Fund totaled \$22.1 million, with \$11.7 million originating from the General Fund for funding of various approved capital projects. Included in the General Government Capital Projects Fund other financing sources, is \$24.8 million proceeds from long-term debt of which \$19.3 million is related to the Boathouse, \$3.1 million for the Retail Space, and \$2.0 million for Fire Vehicles.

General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year. In addition, Council approved several adjustments to prevent budget overages. The following highlights the differences between the original and the final budget:

- Transfers to General Government Capital Projects was increased by \$8.6 million; \$3.0 million was associated with the Boathouse project, while another \$2.1 million allocation was recorded for the funding of new fire trucks and equipment, and \$1.5 million for the Town Square Design and Improvements project.
- Increased transfer to Debt Service Fund by \$3.6 million related to proceeds from the sell of land held for investment.
- Transfer to SPLOST Capital Projects was increased by \$1.8 million; \$1.0 million was allocated to the North Parking Deck, \$500,000 for the Athens Street improvements project, and \$250,000 additional funding of the Elachee Bridge project.
- Increased budgeted fund balance to cover FY23 reappropriations.
- Increased/decreased various expenditure budgets for adjustments as needed.

General Fund expenditures for FY23 were \$22.0 million, 92.4% of the final amended budget. There was no net over expenditures by General Fund departments. Total actual expenditures in the General Fund were lower than the final amended budget total by \$1.8 million. Personal services costs came under the final budget by \$819,355 or 4.8% due to position vacancies.

Total actual revenues exceeded the final amended budget by 40.6%, a total of \$9.7 million. The excess revenues are due mainly to tax collections that were \$7.2 million above projections.

Enterprise Funds

The City of Gainesville's enterprise funds financial statements provide the same type of information found in the government-wide financial statements just in more detail.

Unrestricted net position of the City's four enterprise funds, prior to the adjustment to reflect the consolidation of internal service fund activities related to enterprise funds, totaled as follows:

	Unrestricted Net Position
	(In millions of dollars)
Department of Water Resources	\$ 19.2
Nonmajor Funds	
(Airport, Solid Waste, Golf Course)	7.3
Total	\$ 26.5

Compared with FY22, the total increase in combined net position, prior to the consolidation adjustment of internal service fund activity, indicated growth of \$39.7 million, with net investment in capital assets increasing by \$26.8 million. Overall, unrestricted net position for all four enterprise funds, again prior to the consolidation adjustment of internal service fund activity, showed a \$1.8 million increase from FY22.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Gainesville has invested \$708.2 million in capital assets (net of accumulated depreciation). Capital assets include vehicles and equipment, infrastructure, land, and buildings. Approximately 80.0% of this investment is related to business-type activities while only 20.0% relates to governmental activities.

Capital assets held by the City at the end of the current fiscal year are summarized as follows:

City of Gainesville
Capital Assets (net of accumulated depreciation)
Fiscal Years 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	(In millions of dollars)					
	2023	2022	2023	2022	2023	2022
Land	\$ 26.0	\$ 26.1	\$ 32.7	\$ 32.3	\$ 58.7	\$ 58.4
Buildings	67.8	67.8	61.0	61.0	128.8	128.8
Improvements other than buildings	3.8	3.5	13.0	12.8	16.8	16.3
Vehicles and equipment	28.5	27.0	50.8	48.9	79.3	75.9
Infrastructure	40.1	39.3	607.8	604.4	647.9	643.7
Intangibles	1.3	1.3	6.1	6.1	7.4	7.4
Intangible right-to-use assets	0.8	0.6	1.3	1.3	2.1	1.9
Construction in progress	42.2	23.5	121.1	65.9	163.3	89.4
Total	210.5	189.1	893.8	832.7	1,104.3	1,021.8
Accumulated depreciation	(69.0)	(64.0)	(327.2)	(308.4)	(396.2)	(372.4)
Net Capital Assets	\$ 141.5	\$ 125.1	\$ 566.6	\$ 524.3	\$ 708.1	\$ 649.4

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Lake Lanier Olympic Park Boathouse renovations, \$14.2 million
- The Coop, \$7.6 million
- Stormwater rehabilitation program, \$2.1 million

Major capital asset expenses during the current fiscal year for business-type activities included the following:

- Flat Creek dewatering facility improvements, \$18.1 million.
- Athens Highway sanitary sewer extension, \$8.8 million.
- Gillsville Highway sanitary sewer pump station, \$5.5 million.
- Lee Gilmer Airport runway rehabilitation, \$3.6 million.

Additional information on the City of Gainesville's capital assets can be found in Note 9 on pages 73-76 of this report.

Long-term Debt

As of June 30, 2023, the City of Gainesville had long-term liabilities, net of unamortized bond premium and discount, totaling \$139.6 million. This is a \$58.8 million increase from FY22 totals. The significant increase is a result of the issuance of new debt. Two series of bonds were issued in the amount of \$37.0 million through the Gainesville Redevelopment Authority; \$34.0 million in tax-exempt bonds were issued for the construction of the Lake Lanier Olympic Park Boathouse and The Coop and \$3.0 million in taxable bonds for the construction of retail space in Downtown near the North Parking Deck. DWR also drew \$29.2 million in notes from the Georgia Environmental Finance Authority for projects to expand the City's water and sewer system.

City of Gainesville Outstanding Debt Fiscal Years 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	(In millions of dollars)					
	2023	2022	2023	2022	2023	2022
Notes from direct borrowings	\$ 3.1	\$ 1.7	\$ 37.8	\$ 8.9	\$ 40.9	\$ 10.6
Certificates of participation	0.4	0.4	0	0	0.4	0.4
Subscriptions payable	0.4	0.4	0.6	0.8	1.0	1.2
Contracts Payable	50.6	13.8	11.0	12.5	61.6	26.3
Revenue Bonds	0	0	29.9	36.2	29.9	36.2
Leases Payable	0	0	0.1	0.2	0.1	0.2
Unamortized Bond Premium	0	0	5.7	6.7	5.7	6.7
Total	\$ 54.5	16.3	\$ 85.1	\$ 65.3	\$ 139.6	81.6

The City maintains a bond credit rating of Aa1 from Moody's on both general obligation and senior-lien revenue bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Gainesville is \$697.9 million, but the City had no general obligation debt outstanding as of June 30, 2023.

Additional information on the City's long-term debt can be found in Notes 11, 12, and 13 on pages 78-92 of this report.

ECONOMIC CONDITION AND OUTLOOK

- The U.S. Census Bureau estimated the City of Gainesville's population in 2022 to be 45,282. Based on actual census data from 2020, this is a 7.1% increase in population in only two years. The U.S. Census Bureau recognize Gainesville-Hall as among the fastest growing metro areas in the country.
- Gainesville adopted a 3.656 tax millage rate for FY24. The gross property tax digest for the City of Gainesville rose from \$7.5 billion for FY23 to \$9.3 billion for FY24, which is equivalent to a 24.3% increase in the tax base.
- At the end of the first quarter of FY24, Local Option Sales Tax collections are up 25% compared to the same time period in FY23. Total General Fund revenues are also up 25% over the prior fiscal year. Departments are spending conservatively and continue to monitor their budgeted costs closely.

The factors discussed in this analysis were among the many factors taken into consideration when preparing the FY24 budget. Of the \$13.8 million fund balance in the General Fund, \$4.7 million has been appropriated for spending in the FY24 budget.

OTHER INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Gainesville's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Financial Services Department, PO Box 2496, Gainesville, GA 30503.



GAINESVILLE

BASIC FINANCIAL STATEMENTS

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 38,877,324	\$ 18,835,462	\$ 57,712,786	\$ 3,543,884
Investments	54,152,237	29,791,751	83,943,988	4,716,858
Restricted assets				
Cash and cash equivalents	17,338,421	48,111,506	65,449,927	228,425
Investments	6,977,486	58,880,888	65,858,374	0
Receivables (net)				
Accounts	945,323	6,044,927	6,990,250	29,209
Intergovernmental	3,577,462	16,037,754	19,615,216	0
Taxes	2,151,572	0	2,151,572	92,465
Notes	84,114	0	84,114	0
Lease	128,828	589,301	718,129	0
Other	0	11,458	11,458	0
Internal balances	(178,431)	178,431	0	0
Inventories	117,944	2,655,549	2,773,493	0
Prepaid items	2,044,700	82,492	2,127,192	0
Other	121,153	0	121,153	0
Total current assets	126,338,133	181,219,519	307,557,652	8,610,841
Noncurrent assets				
Notes receivable	65,078	0	65,078	0
Lease receivable	1,231,168	3,178,018	4,409,186	0
Property held for development	196,763	2,519,973	2,716,736	269,808
Capital assets				
Non-depreciable	68,218,725	153,837,200	222,055,925	17,553,354
Depreciable/amortizable (net)	73,303,877	412,807,210	486,111,087	9,887,692
Total noncurrent assets	143,015,611	572,342,401	715,358,012	27,710,854
Total assets	269,353,744	753,561,920	1,022,915,664	36,321,695
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	0	10,707	10,707	0
Deferred outflows related to pensions	10,703,950	6,234,313	16,938,263	951,482
Deferred outflows related to other post employment benefits	3,319,390	2,231,247	5,550,637	415,552
Total deferred outflows of resources	14,023,340	8,476,267	22,499,607	1,367,034
LIABILITIES				
Current liabilities				
Payables				
Accounts	4,083,221	6,622,180	10,705,401	303,581
Retainages	2,218,851	353,022	2,571,873	16,638
Intergovernmental	125,165	1,694,142	1,819,307	130,230
Sales tax	0	16,324	16,324	11,472
Deposits	198,935	48,280	247,215	0
Interest	285,288	29,860	315,148	0
Accrued salaries	372,223	256,438	628,661	76,952
Unearned revenue	1,544	0	1,544	19,408
Compensated absences	1,548,113	867,551	2,415,664	162,527
Claims reserve	1,759,052	0	1,759,052	0
Lease/subscription payable	237,289	260,708	497,997	0
Contracts payable	2,062,808	1,551,588	3,614,396	0
Certificates of participation payable	325,625	0	325,625	0
Notes payable	918,648	754,500	1,673,148	0
Other liabilities	225,366	61,150	286,516	22,962

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Current liabilities				
Liabilities payable from restricted assets				
Payables				
Accounts	\$ 0	\$ 5,290,449	\$ 5,290,449	\$ 0
Retainages	0	4,272,239	4,272,239	0
Customer deposits	0	2,427,173	2,427,173	0
Interest	0	187,125	187,125	0
Bonds payable	0	6,688,739	6,688,739	0
Total current liabilities	14,362,128	31,381,468	45,743,596	743,770
Noncurrent liabilities				
Compensated absences	172,012	96,394	268,406	18,058
Net pension liability	43,275,188	25,010,253	68,285,441	1,851,731
Net OPEB liability	13,666,879	9,144,390	22,811,269	1,313,517
Lease/subscription payable	143,908	469,203	613,111	0
Contracts payable	48,497,252	9,426,116	57,923,368	0
Certificates of participation payable	123,328	0	123,328	0
Notes payable	2,229,262	37,071,125	39,300,387	0
Bonds payable	0	28,931,933	28,931,933	0
Total noncurrent liabilities	108,107,829	110,149,414	218,257,243	3,183,306
Total liabilities	122,469,957	141,530,882	264,000,839	3,927,076
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	73,092	518,496	591,588	49,166
Deferred inflows related to other post employment benefits	6,383,674	4,430,841	10,814,515	819,046
Deferred inflows related to leases	1,372,240	3,721,051	5,093,291	0
Total deferred inflows of resources	7,829,006	8,670,388	16,499,394	868,212
NET POSITION				
Net investment in capital assets	106,636,895	480,712,252	587,349,147	27,422,801
Restricted for:				
Public Safety	5,054,785	0	5,054,785	0
Public Works	19,150	0	19,150	0
Health and Welfare	2,084,020	0	2,084,020	0
Culture and Recreation	509,958	0	509,958	28,425
Housing and Development	2,142,385	0	2,142,385	0
Debt Service	1,080,380	3,487,142	4,567,522	0
Capital Outlay	20,537,451	100,954,394	121,491,845	1,725,700
Unrestricted	15,013,097	26,683,129	41,696,226	3,716,515
Total net position	\$ 153,078,121	\$ 611,836,917	\$ 764,915,038	\$ 32,893,441



GAINESVILLE

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2023

	Program Revenues					
	Expenses	Indirect Costs	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities						
General Government	\$ 9,795,955	\$ (1,808,744)	\$ 1,007,585	\$ 65,533	\$ 500,000	\$ (6,414,093)
Judicial	690,774	0	0	0	0	(690,774)
Public Safety	24,855,967	0	1,820,068	564,720	3,000	(22,468,179)
Public Works	8,723,597	0	328,518	45,116	14,732,015	6,382,052
Health and Welfare	3,820,462	0	1,742,830	1,845,770	717,715	485,853
Culture and Recreation	9,545,794	0	0	8,762	200,000	(9,337,032)
Housing and Development	6,139,635	0	3,013,793	518,737	960,353	(1,646,752)
Interest on long-term debt	1,640,686	0	0	0	0	(1,640,686)
Total governmental activities	65,212,870	(1,808,744)	7,912,794	3,048,638	17,113,083	(35,329,611)
Business-type activities						
Department of						
Water Resources	61,182,395	1,452,731	80,946,872	0	11,326,777	29,638,523
Airport	980,595	209,561	1,026,308	0	3,490,742	3,326,894
Solid Waste	3,514,926	146,452	3,197,533	0	0	(463,845)
Golf Course	1,845,883	0	1,710,966	0	0	(134,917)
Total business-type activities	67,523,799	1,808,744	86,881,679	0	14,817,519	32,366,655
Total primary government	132,736,669	0	94,794,473	3,048,638	31,930,602	(2,962,956)
Component Units						
Communication and Tourism						
Housing and Development	1,770,075	0	113,948	685,228	0	(970,899)
Parks and Recreation						
Culture and Recreation	7,728,001	0	2,126,357	23,601	9,278,848	3,700,805
Land Bank						
Housing and Development	2,119	0	0	0	0	(2,119)
Total Component Units	9,500,195	0	2,240,305	708,829	9,278,848	2,727,787
			Governmental Activities	Business-Type Activities	Total	Component Units
Change in net position			\$ (35,329,611)	\$ 32,366,655	\$ (2,962,956)	\$ 2,727,787
General revenues						
Taxes						
Property			14,620,844	0	14,620,844	6,067,265
Intangibles			280,719	0	280,719	0
Franchise			5,389,998	0	5,389,998	0
Occupational			1,474,759	0	1,474,759	0
Insurance premium			3,557,708	0	3,557,708	0
Alcoholic beverages			1,444,683	0	1,444,683	0
Hotel/Motel			1,920,290	0	1,920,290	0
Local option sales			11,367,923	0	11,367,923	0
Investment			2,268,298	3,017,794	5,286,092	125,078
Payments from City of Gainesville			0	0	0	2,337,448
Gain on sale of property held for development			0	10,609,895	10,609,895	0
Gain on sale of assets			3,649,326	6,999	3,656,325	0
Miscellaneous			706,439	115,728	822,167	48,534
Transfers			6,635,321	(6,635,321)	0	0
Total general revenues and transfers			53,316,308	7,115,095	60,431,403	8,578,325
Change in net position			17,986,697	39,481,750	57,468,447	11,306,112
Net position - beginning, restated			135,091,424	572,355,167	707,446,591	21,587,329
Net position - ending			\$ 153,078,121	\$ 611,836,917	\$ 764,915,038	\$ 32,893,441

CITY OF GAINESVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	<u>General</u>	<u>Fire</u>	<u>American Rescue Plan Grant</u>
ASSETS			
Cash and cash equivalents	\$ 7,005,026	\$ 650,912	\$ 0
Investments	9,763,699	912,313	0
Restricted assets			
Cash and cash equivalents	0	0	0
Investments	0	0	0
Receivables (net)			
Accounts	232,961	736	0
Intergovernmental	135,335	532	0
Taxes	1,789,181	130,255	0
Notes	0	0	0
Lease	1,359,996	0	0
Prepaid items	116	0	0
Due from other funds	623,338	0	0
Property held for development	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total assets	<u>\$ 20,909,652</u>	<u>\$ 1,694,748</u>	<u>\$ 0</u>
LIABILITIES			
Payables			
Accounts	\$ 368,506	\$ 50,210	\$ 0
Retainages	0	0	0
Intergovernmental	97,261	0	0
Accrued salaries	211,850	82,349	0
Unearned revenue	1,544	0	0
Due to other funds	0	0	0
Due to others	90,758	0	0
	<u>769,919</u>	<u>132,559</u>	<u>0</u>
Total liabilities	<u>769,919</u>	<u>132,559</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue -			
Taxes	17,202	122,679	0
Notes receivable	0	0	0
Fines, fees, and forfeitures	0	0	0
Leases	1,372,240	0	0
	<u>1,389,442</u>	<u>122,679</u>	<u>0</u>
Total deferred inflows of resources	<u>1,389,442</u>	<u>122,679</u>	<u>0</u>
FUND BALANCES			
Nonspendable	116	0	0
Restricted	0	0	0
Committed	50,008	0	0
Assigned	4,898,370	1,439,510	0
Unassigned	13,801,797	0	0
	<u>18,750,291</u>	<u>1,439,510</u>	<u>0</u>
Total fund balances	<u>18,750,291</u>	<u>1,439,510</u>	<u>0</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,909,652</u>	<u>\$ 1,694,748</u>	<u>\$ 0</u>

<u>SPLOST</u>	<u>General Government Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 9,009,532	\$ 9,489,311	\$ 10,548,814	\$ 36,703,595
12,627,669	13,300,125	14,502,179	51,105,985
10,653,033	6,685,388	0	17,338,421
2,551,747	4,425,739	0	6,977,486
0	0	527,706	761,403
1,761,852	0	1,669,931	3,567,650
0	0	232,136	2,151,572
0	0	149,192	149,192
0	0	0	1,359,996
0	2,028,000	3,584	2,031,700
0	0	1,171,169	1,794,507
0	0	196,763	196,763
<u>\$ 36,603,833</u>	<u>\$ 35,928,563</u>	<u>\$ 29,001,474</u>	<u>\$ 124,138,270</u>
\$ 1,635,387	\$ 1,428,169	\$ 106,186	\$ 3,588,458
1,137,916	1,080,935	0	2,218,851
0	27,904	0	125,165
0	0	71,280	365,479
0	0	0	1,544
0	369,985	1,424,522	1,794,507
0	0	134,608	225,366
<u>2,773,303</u>	<u>2,906,993</u>	<u>1,736,596</u>	<u>8,319,370</u>
0	0	51,883	191,764
0	0	149,192	149,192
0	0	454,768	454,768
0	0	0	1,372,240
<u>0</u>	<u>0</u>	<u>655,843</u>	<u>2,167,964</u>
0	2,028,000	3,584	2,031,700
31,112,550	9,042,267	10,555,170	50,709,987
0	0	617,515	667,523
2,717,980	21,951,303	15,432,766	46,439,929
0	0	0	13,801,797
<u>33,830,530</u>	<u>33,021,570</u>	<u>26,609,035</u>	<u>113,650,936</u>
<u>\$ 36,603,833</u>	<u>\$ 35,928,563</u>	<u>\$ 29,001,474</u>	<u>\$ 124,138,270</u>



GAINESVILLE

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2023

Total fund balance - total governmental funds \$ 113,650,936

Amounts reported for governmental activities in the statement of net position are different because:

Some assets are not financial resources and, therefore, are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation and amortization 141,522,602

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are unavailable in the funds.

These are:

Property and sales tax	\$ 191,764	
Fines, fees, and forfeitures	454,768	
Notes receivable	149,192	795,724
	<u>795,724</u>	

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Contract payable	\$ (50,560,060)	
Notes payable	(3,147,910)	
Certificates of participation payable	(448,953)	
Lease/subscription payable	(381,197)	
Interest payable	(285,288)	
Compensated absences	(1,720,125)	
Net pension liability	(43,275,188)	
Net OPEB liability	(13,666,879)	(113,485,600)
	<u>(113,485,600)</u>	

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

These are:

Deferred outflows of resources:		
Deferred outflows related to pensions	\$ 10,703,950	
Deferred outflows related to other post-employment benefits	3,319,390	
Deferred inflows of resources:		
Deferred inflows related to pensions	(73,092)	
Deferred inflows related to other post-employment benefits	(6,383,674)	7,566,574
	<u>7,566,574</u>	

Internal service funds are used by management to charge the costs of certain activities, such as risk management, employee benefits, and vehicle maintenance, to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Internal service funds net position	\$ 3,235,757	
Less internal balance resulting from allocation of internal service fund activities allocated to business-type activities	(178,431)	
Less capital assets included above	(62,963)	
Add compensated absences included above	33,522	3,027,885
	<u>3,027,885</u>	

Net position of governmental activities \$ 153,078,121

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2023

	<u>General</u>	<u>Fire</u>	<u>American Rescue Plan Grant</u>
REVENUES			
Taxes	\$ 25,682,553	\$ 8,486,107	\$ 0
Licenses and permits	1,683,250	0	0
Fines, fees and forfeitures	1,150,228	0	0
Charges for services	3,241,552	0	0
Intergovernmental	448,976	0	2,427,753
Investment	820,324	82,934	0
Contributions	22,158	0	0
Other	622,792	0	0
Total revenues	<u>33,671,833</u>	<u>8,569,041</u>	<u>2,427,753</u>
EXPENDITURES			
Current			
General Government	6,600,717	0	0
Judicial	662,769	0	0
Public Safety	6,681,868	10,272,562	0
Public Works	5,683,984	0	0
Health and Welfare	20,000	0	0
Culture and Recreation	0	0	0
Housing and Development	2,331,026	0	0
Debt service			
Principal	0	0	0
Interest and other charges	0	0	0
Capital outlay	0	0	0
Total expenditures	<u>21,980,364</u>	<u>10,272,562</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,691,469</u>	<u>(1,703,521)</u>	<u>2,427,753</u>
Other financing sources (uses)			
Transfers in	4,754,112	1,877,020	0
Transfers out	(25,379,507)	(126,219)	(2,427,753)
Proceeds from long-term debt	273,308	0	0
Sales of capital assets	3,645,734	3,592	0
Total other financing sources (uses)	<u>(16,706,353)</u>	<u>1,754,393</u>	<u>(2,427,753)</u>
Net changes in fund balances	(5,014,884)	50,872	0
Fund balances, July 1	<u>23,765,175</u>	<u>1,388,638</u>	<u>0</u>
Fund balances, June 30	<u>\$ 18,750,291</u>	<u>\$ 1,439,510</u>	<u>\$ 0</u>

SPLOST	General Government Capital Projects	Nonmajor Governmental Funds	Totals
\$ 0	\$ 0	\$ 5,830,485	\$ 39,999,145
0	0	0	1,683,250
0	0	215,072	1,365,300
0	0	3,238,242	6,479,794
11,698,096	0	5,284,076	19,858,901
0	0	1,232,527	2,135,785
0	524,500	294,321	840,979
0	0	83,647	706,439
<u>11,698,096</u>	<u>524,500</u>	<u>16,178,370</u>	<u>73,069,593</u>
0	0	1,124	6,601,841
0	0	0	662,769
0	0	5,759,884	22,714,314
0	0	20,400	5,704,384
0	0	4,102,618	4,122,618
0	0	1,158,000	1,158,000
0	0	2,961,473	5,292,499
0	0	2,745,995	2,745,995
0	0	1,448,820	1,448,820
15,144,311	17,817,214	0	32,961,525
<u>15,144,311</u>	<u>17,817,214</u>	<u>18,198,314</u>	<u>83,412,765</u>
<u>(3,446,215)</u>	<u>(17,292,714)</u>	<u>(2,019,944)</u>	<u>(10,343,172)</u>
3,832,386	22,061,292	10,432,366	42,957,176
(293,692)	0	(7,831,607)	(36,058,778)
16,277,378	24,841,996	0	41,392,682
0	0	2,575	3,651,901
<u>19,816,072</u>	<u>46,903,288</u>	<u>2,603,334</u>	<u>51,942,981</u>
16,369,857	29,610,574	583,390	41,599,809
<u>17,460,673</u>	<u>3,410,996</u>	<u>26,025,645</u>	<u>72,051,127</u>
<u>\$ 33,830,530</u>	<u>\$ 33,021,570</u>	<u>\$ 26,609,035</u>	<u>\$ 113,650,936</u>

CITY OF GAINESVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2023

Net change in fund balances - total governmental funds	\$	41,599,809
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital outlays	\$ 22,827,558	
Depreciation/amortization	<u>(5,696,162)</u>	17,131,396
In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.		
Cost of assets disposed	\$ (1,182,581)	
Related accumulated depreciation	<u>927,325</u>	(255,256)
Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
Cost of assets	\$ 52,708	
Related accumulated depreciation	<u>(52,708)</u>	0
Distributions of capital assets to component units decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
Cost of assets	\$ (411,351)	
Related accumulated depreciation	<u>0</u>	(411,351)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue.		
		482,035
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues. Further, governmental funds report bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.		
Debt principal repayments	\$ 3,084,172	
Debt proceeds	(41,392,682)	
Net change in interest payable	<u>(190,661)</u>	(38,499,171)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	\$ 2,777,247	
Cost of benefits earned net of employee contributions	<u>(5,732,745)</u>	(2,955,498)
Other post employment benefits are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
OPEB contributions	\$ 1,235,528	
Cost of benefits earned net of employee contributions	<u>259,660</u>	1,495,188
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Compensated absences		(206,985)
Internal service funds are used by management to charge the cost of certain activities, such as risk management and vehicle maintenance, to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.		
Change in net position of internal service funds	\$ (559,026)	
Add depreciation expense included above	31,053	
Add change in compensated absences included above	2,628	
Add consolidation of internal service fund activities allocated to business-type activities	<u>131,875</u>	(393,470)
Change in net position of governmental activities		<u>\$ 17,986,697</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 16,505,918	\$ 18,504,418	\$ 25,682,553	\$ 7,178,135
Licenses and permits	910,719	910,719	1,683,250	772,531
Fines, fees and forfeitures	955,295	955,295	1,150,228	194,933
Charges for services	3,164,364	3,164,364	3,241,552	77,188
Intergovernmental	331,499	331,499	448,976	117,477
Investment	(112,617)	(112,617)	820,324	932,941
Contributions	0	0	22,158	22,158
Other	175,840	187,703	622,792	435,089
Total revenues	21,931,018	23,941,381	33,671,833	9,730,452
EXPENDITURES				
Current				
General Government				
Mayor and Council	1,268,232	1,268,232	408,220	860,012
City Manager's Office	1,009,417	1,039,304	1,050,734	(11,430)
Finance	1,553,055	1,531,968	1,506,926	25,042
Information Technologies	1,410,293	1,460,293	1,453,517	6,776
Human Resources	1,169,251	1,169,251	1,142,433	26,818
Public Lands and Buildings	1,168,295	1,118,295	1,038,887	79,408
Judicial				
Municipal Court	700,298	700,298	662,769	37,529
Public Safety				
Police	6,821,121	6,712,786	6,681,868	30,918
Public Works				
Engineering	1,350,800	1,368,562	1,370,661	(2,099)
Traffic	1,594,293	1,619,058	1,546,307	72,751
Street Maintenance	2,175,282	2,157,520	1,894,426	263,094
Storm Water	463,744	463,744	139,969	323,775
Cemetery	770,757	778,032	732,621	45,411
Health and Welfare				
Payments to other agencies	20,000	20,000	20,000	0
Housing and Development				
Planning	981,028	973,545	973,580	(35)
Inspection	528,252	528,252	479,508	48,744
Code Enforcement	555,980	563,463	569,453	(5,990)
Payments to other agencies	308,577	308,577	308,485	92
Total expenditures	23,848,675	23,781,180	21,980,364	1,800,816
Excess (deficiency) of revenues over (under) expenditures	(1,917,657)	160,201	11,691,469	11,531,268
Other financing sources (uses)				
Transfers in (out)				
Transfers in	8,733,221	5,915,183	4,754,112	(1,161,071)
Transfers out	(10,953,601)	(26,669,821)	(25,379,507)	1,290,314
Contingency	(629,000)	(629,000)	0	629,000
Sales of capital assets	51,887	3,649,887	3,645,734	(4,153)
Proceeds from long term debt	0	0	273,308	273,308
Total other financing sources (uses)	(2,797,493)	(17,733,751)	(16,706,353)	1,027,398
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,715,150)	(17,573,550)	(5,014,884)	12,558,666
Fund balances, July 1	4,715,150	17,573,550	23,765,175	6,191,625
Fund balances, June 30	\$ 0	\$ 0	\$ 18,750,291	\$ 18,750,291

CITY OF GAINESVILLE, GEORGIA
FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 8,037,521	\$ 8,037,521	\$ 8,451,363	\$ 413,842
Motor vehicle	54,804	54,804	34,744	(20,060)
Investment	5,600	5,600	82,934	77,334
Total revenues	<u>8,097,925</u>	<u>8,097,925</u>	<u>8,569,041</u>	<u>471,116</u>
EXPENDITURES				
Current				
Public Safety				
Personal Services	8,598,060	8,807,010	8,850,980	(43,970)
Other	1,639,565	1,446,148	1,421,582	24,566
Total expenditures	<u>10,237,625</u>	<u>10,253,158</u>	<u>10,272,562</u>	<u>(19,404)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,139,700)</u>	<u>(2,155,233)</u>	<u>(1,703,521)</u>	<u>451,712</u>
Other financing sources (uses)				
Transfers in (out)				
Transfers in	1,877,020	1,877,020	1,877,020	0
Transfers out	(126,219)	(126,219)	(126,219)	0
Sales of capital assets	0	0	3,592	3,592
Total other financing sources (uses)	<u>1,750,801</u>	<u>1,750,801</u>	<u>1,754,393</u>	<u>3,592</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(388,899)</u>	<u>(404,432)</u>	<u>50,872</u>	<u>455,304</u>
Fund balances, July 1	<u>388,899</u>	<u>404,432</u>	<u>1,388,638</u>	<u>984,206</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,439,510</u>	<u>\$ 1,439,510</u>

CITY OF GAINESVILLE, GEORGIA
AMERICAN RESCUE PLAN GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,427,753	\$ 2,427,753	\$ 2,427,753	\$ 0
EXPENDITURES				
Current				
Public Safety				
Personal services	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	2,427,753	2,427,753	2,427,753	0
Other financing sources (uses)				
Transfers out	(2,427,753)	(2,427,753)	(2,427,753)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities			Governmental
	Department of Water Resources	Nonmajor	Totals	Internal
		Enterprise Funds		Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 16,375,961	\$ 2,459,501	\$ 18,835,462	\$ 2,173,729
Investments	26,346,855	3,444,896	29,791,751	3,046,252
Restricted assets				
Cash and cash equivalents	48,111,506	0	48,111,506	0
Investments	58,880,888	0	58,880,888	0
Receivables (net)				
Accounts	5,709,379	335,548	6,044,927	183,920
Intergovernmental	12,537,862	3,499,892	16,037,754	9,812
Lease	0	589,301	589,301	0
Other	8,574	2,884	11,458	0
Inventories	2,655,549	0	2,655,549	117,944
Prepaid items	82,492	0	82,492	13,000
Other assets	0	0	0	121,153
Total current assets	170,709,066	10,332,022	181,041,088	5,665,810
Noncurrent assets				
Lease receivable	0	3,178,018	3,178,018	0
Property held for development	2,480,264	39,709	2,519,973	0
Capital assets				
Non-depreciable	148,786,010	5,051,190	153,837,200	0
Depreciable/amortizable (net)	399,795,440	13,011,770	412,807,210	62,963
Total noncurrent assets	551,061,714	21,280,687	572,342,401	62,963
Total assets	721,770,780	31,612,709	753,383,489	5,728,773
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	0	10,707	10,707	0
Deferred outflows related to pensions	5,781,634	452,679	6,234,313	0
Deferred outflows related to other post employment benefits	1,953,494	277,753	2,231,247	0
Total deferred outflow of resources	7,735,128	741,139	8,476,267	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	3,150,717	3,471,463	6,622,180	494,763
Intergovernmental	1,557,251	136,891	1,694,142	0
Retainage	0	353,022	353,022	0
Deposits	0	48,280	48,280	198,935
Sales tax	0	16,324	16,324	0
Interest	1,500	28,360	29,860	0
Accrued salaries	223,160	33,278	256,438	6,744
Compensated absences	770,879	96,672	867,551	30,170
Claims reserve	0	0	0	1,759,052
Lease/subscription payable	222,666	38,042	260,708	0
Contracts payable	1,261,588	290,000	1,551,588	0
Note payable	0	754,500	754,500	0
Other liabilities	0	61,150	61,150	0

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities			Governmental
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
LIABILITIES				
Current liabilities				
Liabilities payable from restricted assets:				
Payables				
Accounts	\$ 5,290,449	\$ 0	\$ 5,290,449	\$ 0
Retainages	4,272,239	0	4,272,239	0
Customer deposits	2,427,173	0	2,427,173	0
Interest	187,125	0	187,125	0
Revenue bonds payable	6,688,739	0	6,688,739	0
Total current liabilities	<u>26,053,486</u>	<u>5,327,982</u>	<u>31,381,468</u>	<u>2,489,664</u>
Noncurrent liabilities				
Compensated absences	85,653	10,741	96,394	3,352
Net pension liability	24,071,650	938,603	25,010,253	0
Net OPEB liability	8,013,491	1,130,899	9,144,390	0
Lease/subscription payable	380,986	88,217	469,203	0
Contracts payable	8,831,116	595,000	9,426,116	0
Notes payable	36,911,937	159,188	37,071,125	0
Revenue bonds payable	28,931,933	0	28,931,933	0
Total noncurrent liabilities	<u>107,226,766</u>	<u>2,922,648</u>	<u>110,149,414</u>	<u>3,352</u>
Total liabilities	<u>133,280,252</u>	<u>8,250,630</u>	<u>141,530,882</u>	<u>2,493,016</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	441,203	77,293	518,496	0
Deferred inflows related to other post employment benefits	3,905,241	525,600	4,430,841	0
Deferred inflows related to leases	0	3,721,051	3,721,051	0
Total deferred inflows of resources	<u>4,346,444</u>	<u>4,323,944</u>	<u>8,670,388</u>	<u>0</u>
NET POSITION				
Net investment in capital assets	468,260,016	12,452,236	480,712,252	62,963
Restricted for:				
Capital outlay	100,890,953	63,441	100,954,394	0
Debt service	3,487,142	0	3,487,142	0
Unrestricted	19,241,101	7,263,597	26,504,698	3,172,794
Total net position	<u>\$ 591,879,212</u>	<u>\$ 19,779,274</u>	<u>611,658,486</u>	<u>\$ 3,235,757</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>178,431</u>	
Net position of business-type activities			<u>\$ 611,836,917</u>	

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2023

	Business-Type Activities			Governmental
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal
				Service
OPERATING REVENUES				
Charges for sales and services	\$ 80,946,872	\$ 5,934,807	\$ 86,881,679	\$ 0
Interfund services provided	0	0	0	15,811,789
Other	76,332	39,396	115,728	420,685
Total operating revenues	81,023,204	5,974,203	86,997,407	16,232,474
OPERATING EXPENSES				
Costs of sales and services	26,098,751	2,354,776	28,453,527	16,059,604
Personal services	17,502,804	2,470,468	19,973,272	489,771
Depreciation	17,259,807	1,791,433	19,051,240	31,053
Total operating expenses	60,861,362	6,616,677	67,478,039	16,580,428
Operating income (loss)	20,161,842	(642,474)	19,519,368	(347,954)
Non-operating revenues (expenses)				
Investment revenue	2,934,255	83,539	3,017,794	52,006
Interest expense	(1,641,889)	(80,740)	(1,722,629)	0
Intergovernmental revenue	0	3,490,742	3,490,742	0
Gain on sale of property held for development	10,206,589	403,306	10,609,895	0
Gain (loss) on sale of capital assets	3,110	3,889	6,999	0
Total non-operating revenues (expenses)	11,502,065	3,900,736	15,402,801	52,006
Income (loss) before capital contributions and transfers	31,663,907	3,258,262	34,922,169	(295,948)
Capital contributions				
Connection fees	5,132,734	0	5,132,734	0
Capital contributions	6,194,043	0	6,194,043	0
Total capital contributions	11,326,777	0	11,326,777	0
Income (loss) before transfers	42,990,684	3,258,262	46,248,946	(295,948)
Transfers in (out)				
Transfers in	214,959	31,250	246,209	0
Transfers out	(6,877,900)	(3,630)	(6,881,530)	(263,078)
Total transfers in (out)	(6,662,941)	27,620	(6,635,321)	(263,078)
Change in net position	36,327,743	3,285,882	39,613,625	(559,026)
Net position, July 1, restated	555,551,469	16,493,392	572,044,861	3,794,783
Net position, June 30	\$ 591,879,212	\$ 19,779,274	\$ 611,658,486	\$ 3,235,757
Change in net position - enterprise funds			\$ 39,613,625	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(131,875)	
Change in net position - business-type activities			\$ 39,481,750	

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2023

	Business-Type Activities			Governmental
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers	\$ 69,729,683	\$ 5,905,812	\$ 75,635,495	\$ 0
Receipts from interfund services provided	0	0	0	15,667,878
Payments to suppliers	(24,792,709)	(2,231,281)	(27,023,990)	(15,831,914)
Payments to employees	(17,577,223)	(2,601,764)	(20,178,987)	(497,608)
Other receipts	76,332	38,934	115,266	420,685
Net cash provided (used) by operating activities	27,436,083	1,111,701	28,547,784	(240,959)
Cash flows from non-capital financing activities:				
Receipts from other funds	0	27,620	27,620	0
Payments to other funds	(6,877,900)	0	(6,877,900)	(263,078)
Net cash provided (used) by non-capital financing activities	(6,877,900)	27,620	(6,850,280)	(263,078)
Cash flows from capital and related financing activities:				
Connection fees	5,132,734	0	5,132,734	0
Receipts of capital contributions	1,700,000	0	1,700,000	0
Receipts from other funds	214,959	0	214,959	0
Proceeds from sale of capital assets	56,771	3,889	60,660	0
Interest paid	(1,681,869)	(82,945)	(1,764,814)	0
Acquisition of capital assets	(44,217,477)	(470,698)	(44,688,175)	0
Payment of capital related accounts payable	(2,676,489)	(16,486)	(2,692,975)	0
Payment of capital related retainages payable	(2,175,424)	0	(2,175,424)	0
Proceeds from notes payable	29,177,562	0	29,177,562	0
Principal payments - contracts payable	0	(280,000)	(280,000)	0
Principal payments - leases payable	0	(36,450)	(36,450)	0
Principal payments - subscriptions payable	(219,496)	0	(219,496)	0
Principal payments - bonds	(6,300,000)	0	(6,300,000)	0
Principal payments - notes payable	0	(285,649)	(285,649)	0
Net cash provided (used) by capital and related financing activities	(20,988,729)	(1,168,339)	(22,157,068)	0
Cash flows from investing activities:				
Receipts of investment revenue	2,958,699	119,487	3,078,186	86,291
Proceeds from sale of property held for development	10,697,436	851,183	11,548,619	0
Purchase of investments	(33,622,723)	(1,609,290)	(35,232,013)	(572,265)
Proceeds from sale of investments	33,892,447	1,366,963	35,259,410	1,167,491
Net cash provided (used) by operating activities	13,925,859	728,343	14,654,202	681,517
Net increase (decrease) in cash and cash equivalents	13,495,313	699,325	14,194,638	177,480
Cash and cash equivalents, July 1	50,992,154	1,760,176	52,752,330	1,996,249
Cash and cash equivalents, June 30	\$ 64,487,467	\$ 2,459,501	\$ 66,946,968	\$ 2,173,729

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2023

	Business-Type Activities			Governmental Activities
	Department of Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 20,161,842	\$ (642,474)	\$ 19,519,368	\$ (347,954)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	17,259,807	1,791,433	19,051,240	31,053
(Increase) decrease in accounts receivable	(1,738,200)	(69,910)	(1,808,110)	(180,346)
(Increase) decrease in intergovernmental receivables	(9,598,650)	0	(9,598,650)	36,435
Increase) decrease in leases receivable	0	(126,683)	(126,683)	0
(Increase) decrease in inventory	(466,148)	0	(466,148)	
(Increase) decrease in prepaid items	48,120	0	48,120	7,008
(Increase) decrease in other assets	0	0	0	(21,478)
(Increase) decrease in deferred outflows of resources	(1,794,868)	(159,534)	(1,954,402)	0
Increase (decrease) in accounts payable	1,547,939	28,338	1,576,277	235,583
Increase (decrease) in intergovernmental payables	176,131	86,796	262,927	0
Increase (decrease) in sales tax payable	0	2,030	2,030	0
Increase (decrease) in accrued salaries and benefits	(244,309)	(44,230)	(288,539)	(7,837)
Increase (decrease) in deposits payable	119,660	0	119,660	16,931
Increase (decrease) in claims reserve	0	0	0	(10,354)
Increase (decrease) in net pension liability	3,800,629	441,129	4,241,758	0
Increase (decrease) in deferred inflows of resources	1,757,659	285,165	2,042,824	0
Increase (decrease) in net OPEB liability	(3,593,529)	(488,720)	(4,082,249)	0
Increase (decrease) in other liabilities	0	8,361	8,361	0
Total adjustments	7,274,241	1,754,175	9,028,416	106,995
Net cash provided (used) by operating activities	<u>\$ 27,436,083</u>	<u>\$ 1,111,701</u>	<u>\$ 28,547,784</u>	<u>\$ (240,959)</u>
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 16,375,961	\$ 2,459,501	\$ 18,835,462	\$ 2,173,729
Restricted assets				
Cash and cash equivalents	48,111,506	0	48,111,506	0
Total cash and cash equivalents	<u>\$ 64,487,467</u>	<u>\$ 2,459,501</u>	<u>\$ 66,946,968</u>	<u>\$ 2,173,729</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$3,232,456.

Acquisition of capital assets through accounts payable totaled \$8,940,963.

Acquisition of capital assets through retainage payable totaled \$4,625,261.

Forgiveness of contracts payable through capital contributions totaled \$1,261,588.

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund	Municipal Court Custodial Fund
ASSETS			
Cash and cash equivalents	\$ 38,459	\$ 7,164,783	\$ 107,001
Investments, at fair value			
Mutual funds			
Equity	0	76,325,137	0
Fixed income	0	17,957,060	0
Real estate	0	15,812,544	0
Accounts receivable	15,618	0	0
Total assets	54,077	117,259,524	107,001
LIABILITIES			
Accounts payable	1,500	61,924	0
Due to other agencies	0	0	40,056
Total liabilities	1,500	61,924	40,056
NET POSITION			
Restricted for:			
Pensions	0	117,197,600	0
Employee assistance	52,577	0	0
Individuals, organizations, and other governments	0	0	66,945
Total net position	\$ 52,577	\$ 117,197,600	\$ 66,945

CITY OF GAINESVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the fiscal year ended June 30, 2023

	Community Private-Purpose Trust Fund	Employees' Pension Trust Fund	Municipal Court Custodial Fund
ADDITIONS			
Contributions			
Employer contributions	\$ 0	\$ 4,227,917	\$ 0
Employee contributions	0	4,227,917	0
Employee donations	47,827	0	0
Fines and forfeitures collected for other governments	0	0	87,440
	<u>47,827</u>	<u>8,455,834</u>	<u>87,440</u>
Total contributions and donations			
Investment Income			
Net appreciation (depreciation) in fair value of investments	0	(3,819,618)	0
Interest	1,118	378,399	0
Dividends	0	2,569,982	0
Investment expense	0	(450,738)	0
	<u>1,118</u>	<u>(1,321,975)</u>	<u>0</u>
Net investment income (loss)			
Total additions (reductions)	<u>48,945</u>	<u>7,133,859</u>	<u>87,440</u>
DEDUCTIONS			
Benefits	0	10,673,118	0
Refunds	0	888,815	0
Distributions for assistance	23,497	0	0
Distributions of fines and forfeitures to other governments	0	0	77,577
	<u>23,497</u>	<u>11,561,933</u>	<u>77,577</u>
Total deductions			
Change in net position	25,448	(4,428,074)	9,863
Net position, July 1	27,129	121,625,674	57,082
Net position, June 30	<u>\$ 52,577</u>	<u>\$ 117,197,600</u>	<u>\$ 66,945</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2023

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Gainesville Hall County Land Bank	Total Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,443,654	\$ 719,556	\$ 380,674	\$ 3,543,884
Restricted assets				
Cash and cash equivalents	228,425	0	0	228,425
Investments	3,704,549	1,012,309	0	4,716,858
Receivables				
Accounts	18,688	10,521	0	29,209
Taxes	92,465	0	0	92,465
Total current assets	<u>6,487,781</u>	<u>1,742,386</u>	<u>380,674</u>	<u>8,610,841</u>
Noncurrent assets				
Property held for development	0	0	269,808	269,808
Capital assets				
Non-depreciable	17,553,354	0	0	17,553,354
Depreciable (net)	8,505,832	1,381,860	0	9,887,692
Total noncurrent assets	<u>26,059,186</u>	<u>1,381,860</u>	<u>269,808</u>	<u>27,710,854</u>
Total assets	<u>32,546,967</u>	<u>3,124,246</u>	<u>650,482</u>	<u>36,321,695</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	457,460	494,022	0	951,482
Deferred outflows related to other post employment benefits	347,961	67,591	0	415,552
Total deferred outflows of resources	<u>805,421</u>	<u>561,613</u>	<u>0</u>	<u>1,367,034</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	236,435	67,146	0	303,581
Retainage	16,638	0	0	16,638
Intergovernmental	0	0	130,230	130,230
Sales tax	11,472	0	0	11,472
Unearned revenue	5,750	13,658	0	19,408
Accrued salaries	63,765	13,187	0	76,952
Compensated absences	131,633	30,894	0	162,527
Other liabilities	22,562	400	0	22,962
Total current liabilities	<u>488,255</u>	<u>125,285</u>	<u>130,230</u>	<u>743,770</u>
Noncurrent liabilities				
Compensated absences	14,626	3,432	0	18,058
Net pension liability	464,606	1,387,125	0	1,851,731
Net OPEB liability	1,208,050	105,467	0	1,313,517
Total noncurrent liabilities	<u>1,687,282</u>	<u>1,496,024</u>	<u>0</u>	<u>3,183,306</u>
Total liabilities	<u>2,175,537</u>	<u>1,621,309</u>	<u>130,230</u>	<u>3,927,076</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2023

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Gainesville Hall County Land Bank	Total Component Units
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	\$ 49,166	\$ 0	\$ 0	\$ 49,166
Deferred inflows related to other post employment benefits	721,513	97,533	0	819,046
Total deferred inflows of resources	770,679	97,533	0	868,212
NET POSITION				
Net investment in capital assets	26,040,941	1,381,860	0	27,422,801
Restricted for cultural and recreation	28,425	0	0	28,425
Restricted for capital outlay	1,725,700	0	0	1,725,700
Unrestricted	2,611,106	585,157	520,252	3,716,515
Total net position	\$ 30,406,172	\$ 1,967,017	\$ 520,252	\$ 32,893,441

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the fiscal year ended June 30, 2023

	City of Gainesville Parks and Recreation	Gainesville Convention and Visitor's Bureau	Gainesville Hall County Land Bank	Total Component Units
Expenses				
Culture and Recreation	\$ 7,728,001	\$ 0	\$ 0	\$ 7,728,001
Housing and Development	0	1,770,075	2,119	1,772,194
Total expenses	7,728,001	1,770,075	2,119	9,500,195
Program revenues				
Charges for services	2,126,357	113,948	0	2,240,305
Operating grants and contributions	23,601	685,228	0	708,829
Capital grants and contributions	9,278,848	0	0	9,278,848
Total program revenues	11,428,806	799,176	0	12,227,982
Net (expense) revenue	3,700,805	(970,899)	(2,119)	2,727,787
General revenues				
Property taxes	6,067,265	0	0	6,067,265
Investment	114,657	10,421	0	125,078
Payments from City of Gainesville	0	1,939,655	397,793	2,337,448
Miscellaneous	16,832	31,702	0	48,534
Total general revenues	6,198,754	1,981,778	397,793	8,578,325
Change in net position	9,899,559	1,010,879	395,674	11,306,112
Net position, July 1	20,506,613	956,138	124,578	21,587,329
Net position, June 30	\$ 30,406,172	\$ 1,967,017	\$ 520,252	\$ 32,893,441



GAINESVILLE

1. Description of Government Unit

The City of Gainesville, Georgia (the City) is located in the Northeastern area of Georgia in Hall County about 50 miles northeast of Atlanta and about 100 miles southwest of Greenville, South Carolina, just north of Interstate 85 on the Chattahoochee River and Lake Sidney Lanier.

The City provides a full range of governmental services, including public safety, health and social services, recreational programs, and economic development as well as water and sewer service, the operation of an airport, and funding support for certain other local agencies. The City is governed by an elected mayor and five-member council.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Gainesville (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of the following component units have been included as discretely presented component units.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Gainesville Parks and Recreation Board

The City of Gainesville Parks and Recreation Board was established as a legally separate entity through a special election in 1924 and operates pursuant to the Official Code of Georgia Annotated section 36-64-1. The Board consists of nine members appointed by the City Council. The City Council levies a recreation tax which can be not less than 0.75 mills and not greater than 1.0 mills. The Parks and Recreation Board provides leisure services to the citizens of the City of Gainesville and the citizens of Hall County. The Board undertakes special projects and assignments for City management. In many respects it functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Gainesville Parks and Recreation is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Comprehensive Report in the section labeled "Component Unit". (See Exhibits K-1 to K-4). Gainesville Parks and Recreation has a June 30 year-end. There is no separately issued stand-alone financial report for this component unit.

Gainesville Convention and Visitor's Bureau

The Gainesville Convention and Visitor's Bureau was established as a legally separate entity through presentation of House Bill 1132 approved by the Governor on April 29, 2014 and operates pursuant to the Official Code of Georgia Annotated section 48-13-51. The Board consists of up to seven directors appointed by the City Council. The City of Gainesville collects hotel/motel taxes as authorized by OCGA 48-13-51. Under this law the City levies a tax at a rate of 8%, of which 62 1/2 percent of the total tax is expended for promoting tourism, conventions, and trade shows through a contract or contracts with a convention and visitors bureau authority created by local Act of the General Assembly for a municipality, or a private sector nonprofit organization. The Gainesville Convention and Visitor's Bureau has the responsibility and authority to promote tourism, conventions, and trade shows in the City of Gainesville, Georgia for the citizens of Hall County. The Board undertakes special projects and assignments from City management. In many respects it functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Gainesville Convention and Visitor's Bureau, continued

The Gainesville Convention and Visitor's Bureau is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Comprehensive Report in the section labeled "Component Units". (See Exhibits K-5 and K-6). The Gainesville Convention and Visitor's Bureau has a June 30 year-end. There is no separately issued stand-alone financial report for this component unit.

Gainesville-Hall County Land Bank

The Gainesville-Hall County Land Bank is a public entity authorized by state law and created pursuant to an intergovernmental agreement between the City of Gainesville and Hall County, Georgia. It is governed by a Board of Directors appointed by the City Council and Hall County Board of Commissioners. The Board consists of up to five directors: three appointed by the City Council and two appointed by Hall County, Georgia Board of Commissioners. The Gainesville-Hall County Land Bank has the responsibility and authority to acquire tax delinquent properties, surplus properties of the local governments, and other properties in order to foster the public purpose of returning land which is a non-revenue-generating, nontax-producing status to an effective utilization status in order to provide affordable housing, new industry and jobs for the citizens of Georgia. Because the City appoints a majority of the Board of Directors and provides virtually all operating resources for Gainesville-Hall County Land Bank, a financial burden relationship exists between the City and the Land Bank, the Land Bank is reported as a discretely presented component unit.

The Gainesville-Hall County Land Bank is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Comprehensive Report in the section labeled "Component Units". (See Exhibits K-7 and K-8). The Gainesville-Hall County Land Bank has a June 30 year-end. There is no separately issued stand-alone financial report for this component unit.

2. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. 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.

The government has three discretely presented component units. Parks and Recreation component unit, the Convention and Visitor's Bureau component unit, and the Gainesville-Hall County Land Bank are combined and are shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Department of Water Resources Enterprise Fund and the other functions of the government. Elimination of these charges would distort the direct costs of program revenues reported for the various functions concerned.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

Fire Fund – This fund is used to account for ad valorem property tax collections derived from the City's special tax district for Fire Services and the costs associated with the operation of the City's Fire Department.

American Rescue Plan Grant Fund - This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

SPLOST Fund - This fund is used to account for long-term capital projects financed by special local option sales tax.

General Government Capital Projects Fund - This fund is used to account for general purpose long-term capital projects financed from various revenue sources.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

The City reports the following major proprietary fund:

Department of Water Resources Fund - This fund is used to account for activities connected with the development, operation, and maintenance of water and sewer service in the City of Gainesville and parts of Hall County.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds - This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

Proprietary Fund Types

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Internal Service Funds - These funds are used to account for the financing of goods and services provided to the departments of the government on a cost reimbursement basis. The City's internal service funds are used to account for the financing of employee benefits, risk management services and vehicle repair and maintenance services to other departments or funds of the City on a cost-reimbursement basis.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Fiduciary Fund Types

Trust Funds - These funds are used to account for assets held by the City as a trustee or agent to be expended or invested in accordance with the conditions of a trust or in its agency capacity. The City has a private-purpose trust fund to account for the activity of the Community Trust Fund, and a pension trust fund to account for a single employer retirement system administered by the City for the benefit of its eligible employees.

Custodial Funds – These funds are custodial in nature and are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others. The City has a custodial fund to account for the activity of the Municipal Court.

Component Units

The Gainesville Parks and Recreation Component Unit is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

The Gainesville Convention and Visitor's Bureau Component Unit is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

The Gainesville-Hall County Land Bank Component Unit is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Interfund Activity

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

F. Revenues and Expenditures/Expenses

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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses, continued

Proprietary funds and internal service funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Department of Water Resources Fund, Airport Fund, Solid Waste Fund, and Chattahoochee Golf Course Fund, and internal service funds are charges to customers for sales and services. The Department of Water Resources Fund also recognizes as operating revenue a portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. Budgets and Budgetary Accounting

The City Council adopts an operating budget for all governmental fund types, except for the Capital Projects Funds, for the upcoming fiscal year, prior to July 1. Capital budgets are adopted for Capital Projects Funds; additional capital projects are budgeted by the City Council as capital projects are approved throughout the year. The adopted budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

The budget process begins each year with a budget priority-setting workshop in which members of the City Council indicate various issues of importance to be considered in the budget. Once the priorities are established, the Budget Officer prepares estimates of both the current and proposed fiscal year revenue for all funds. Expenditure estimates for the current and proposed fiscal year are initially prepared by the respective department directors. All budget estimates are then reviewed by the City Manager, who makes the final decisions regarding the proposed budget. The proposed budget is then presented to the City Council and interested citizens during public hearings. These hearings are publicized in the local newspaper at least one week before the first hearing, and the budget document is made available for public inspection during this period. The final proposed budget is then adopted by the City Council on or before June 30 during a regular Council meeting, which is also open to the public.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Changes may be made within an operating budget by departmental request through the Budget and Purchasing Manager, except for equipment requests under \$5,000, which must be approved by the City Manager, and equipment requests over \$5,000 and changes in personal services budgets, which must be approved by the City Council. All operating budget transfers between departments and all changes to Capital Projects budgets must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end.

Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation) is employed as an extension of formal budgetary integration in all funds. Encumbrances outstanding at year-end are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities.

2. Summary of Significant Accounting Policies (continued)

H. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

I. Intergovernmental Receivables

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

J. Inventories

Inventories for the General Fund are valued at average cost and recorded as expenditures when consumed. Inventories in the Enterprise and Internal Service Funds are valued at cost on the first-in, first-out method.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal year, are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are among the largest asset classes of the City. Prior to July 1, 2006, neither their historical costs, nor related depreciation, had been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007. The City elected not to report general infrastructure assets placed into service prior to July 1, 1980.

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 acquisition value on the date donated.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

Land and construction-in-progress are not depreciated. The other property, plant equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the estimated useful lives or lease/subscription term of the respective assets ranging as follows:

	Useful Life	Capitalization
	in Years	Threshold
Buildings	10 to 60	\$ 20,000
Sewer lines	40 to 50	\$ 25,000
Water lines	50	\$ 25,000
Water and sewer treatment facilities	60	\$ 25,000
Roads	30 to 50	\$ 300,000
Storm drains	25 to 40	\$ 100,000
Sidewalks	25 to 30	\$ 75,000
Bridges/culverts	40 to 50	\$ 250,000
Bike paths	20 to 30	\$ 75,000
Parking lots	15 to 35	\$ 75,000
Traffic signals	15 to 25	\$ 100,000
Airport runways	20 to 40	\$ 150,000
Equipment	5 to 20	\$ 20,000
Vehicles	5 to 15	\$ 20,000
Furniture and fixtures	3 to 8	\$ 20,000
Intangibles	3 to 15	\$ 20,000
Computer software	3 to 5	\$ 50,000
Intangible right-to-use assets		
Software	3 to 5	\$ 20,000

All land will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows of resources for deferred charges on bond refunding and their defined benefit pension plans and OPEB plan. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to their defined benefit pension plans, OPEB plan, and leases.

N. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. Summary of Significant Accounting Policies (continued)

O. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed, fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms.

A deferred inflow of resources is recorded for lease receivables. The deferred inflow of resources is recorded at the initiation of the lease at an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

Q. Restricted Assets and Restricted Net Position

Restricted assets of the Enterprise Funds primarily represent unexpended money collected and receivables consisting of extension and renewal receipts which remain restricted for future construction of specific projects for the improvement and expansion of the Water and Sewer system. Restricted assets for debt redemption of the Department of Water Resources Fund represent resources set aside for the repayment of revenue bonds and notes payable outstanding. The assets are maintained in a separate bank account and their use is limited by application of debt covenants.

2. Summary of Significant Accounting Policies (continued)

Q. Restricted Assets and Restricted Net Position, continued

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

R. Fund Balances – Governmental Funds

The City of Gainesville implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Gainesville's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds, continued

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City’s adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year’s budget shall constitute assignments and are documented by adoption of the City’s annual operating budget. The City Manager has determined that all equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report positive amounts this category of fund balance.

S. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off (PTO) benefits which will be paid to the employees upon separation from City service. Accumulated unpaid PTO amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured (ie, unused reimbursable leave still outstanding following an employee’s resignation or retirement) and is expected to be liquidated with expendable available financial resources.

2. Summary of Significant Accounting Policies (continued)

T. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

U. Capital Contributions

Federal, state, and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

V. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's pension plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Summary of Significant Accounting Policies (continued)

W. Use of Estimates in the Preparation of the Financial Statements

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

X. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain prior fiscal year amounts have been reclassified to conform to the current fiscal year presentation.

3. Deposit and Investment Risk

Custodial credit risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be able to recover deposits or will not be able to recover collateral securities that are in possession by an outside party. State statutes and the City's policies require that all deposits and investments (other than federal and state government instruments) to be collateralized with depository insurance; obligations of the U.S. governments; or bonds of public authorities, counties, or municipalities; or to participate in the Georgia Secure Deposit Program. The Employees' Pension Trust Fund deposits and investments are exempt from the requirements enumerated above.

3. Deposit and Investment Risk (continued)

Investment policies - Credit, concentration of credit, and interest rate risk

The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. The City places no limits on the amount the City may invest in any one issuer of equity or debt securities. Investments are reported at fair market value.

The City's financial policies limit investments to a maximum one-year maturity to minimize interest rate risk. The City Manager may approve exceptions to the one-year maturity limit, and such exceptions will be disclosed to City Council.

In general, the Employees' Pension Trust Fund is exempt from the City investment and cash management policies. The City has adopted a separate investment policy for the Pension Trust Fund.

3. Deposit and Investment Risk (continued)

The City participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). The City policy limits investments in Georgia Fund 1 to 50% of the City's investments. Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Fitch's criteria for AAAf/S1 rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability.

The Georgia Fund 1 is rated AAAf/S1 by Fitch. The weighted average maturity at the end of the current fiscal year was 28 days. At the end of the current fiscal year, the City's balance in Georgia Fund 1 was \$30,849,837.

Investment policies – Employees' Pension Trust Fund

The assets of the Employees' Pension Trust Fund are held in several mutual funds and separate account portfolios, which are all overseen by one investment consultant. Pension Trust Fund investments follow State of Georgia Code Sections 47-20-82, 47-20-83, and 47-20-84 for authorized investments.

City policy limits investment in equity securities to 55% (at cost) of the Fund's total asset value. No more than 5% (at cost) of an investment manager's equity portfolio may be invested in the shares of a single corporate issuer. Direct investment in foreign equities traded on foreign exchanges is prohibited. Equities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the equity guidelines of the policy.

3. Deposit and Investment Risk (continued)

Investment policies – Employees’ Pension Trust Fund (continued)

City policy requires that fixed income portfolio should bear an average credit quality of “A” or higher. Investments in Collateralized Mortgage Obligations shall be limited to 15% of the market value of the investment manager’s total portfolio. No more than 5% (at cost) of an investment manager’s total fixed income portfolio shall be invested in the securities of any single corporate issuer. There is no limit imposed on investments in fixed income securities issued directly by the US government or any agency or instrumentality thereof. Investments in corporate fixed income securities shall be limited to securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. The duration of the fixed income portfolio should be less than 135% of the duration of the Barclays Capital US Aggregate Bond Index. At the end of the current fiscal year, the duration for the index was 6.2 years.

Investments in corporate fixed income securities shall be limited to those securities rated “BAA” or higher by Moody’s or “BBB” or higher by Standard & Poor’s rating services. Fixed income securities may be managed through the purchase of open-ended, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines of the policy.

Investment	Fair Value	Average Maturity (in years)	Standard and Poor’s Credit Rating
PIMCO Income Fund	\$ 9,752,602	4.54	N/A
PIMCO Investment Grade Credit Fund	3,044,199	10.47	N/A
PIMCO Total Return Fund	5,158,649	8.07	N/A
	<u>\$ 17,955,450</u>		

Foreign currency risk

The City has no investments denominated in a foreign currency.

Investments

The City measures and records its investments using fair value hierarchy measurement guidelines established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs other than quoted market prices. Level 3 inputs are significant unobservable inputs.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

3. Deposit and Investment Risk (continued)

At the end of the current fiscal year, the City's investments consist of the following:

Investment	Fair Value Measurement			Fair Value
	Level 1	Level 2	Level 3	
Federal agency securities	\$ 0	\$ 55,014,119	\$ 0	\$ 55,014,119
U.S. treasury notes	71,658,408	0	0	71,658,408
Mortgage-backed securities	0	8,313,908	0	8,313,908
Municipal bond securities	0	14,815,927	0	14,815,927
Total investments measured at fair value	\$ 71,658,408	\$ 78,143,954	\$ 0	\$ 149,802,362
Investments not subject to level disclosure:				
Georgia Fund 1 (classified as cash equivalent)				30,849,837
Total Investments				<u>\$ 180,652,199</u>

U.S. treasury notes classified as Level 1 of the hierarchy are valued using prices quoted in active markets. Federal agency securities classified as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Mutual funds comprised of real estate investments classified as Level 3 of the hierarchy are valued using unobservable inputs and assumptions such as appraisals, rental revenue, rental expense amounts, growth assumptions, and discount rates

The Georgia Fund 1 investment pool, which does not meet the criteria of GASB Statement No. 79 and are thus valued at fair value in accordance with GASB Statement No. 31. Accordingly, the City does not disclose the investment in Georgia Fund 1 within the fair value hierarchy. Investments in Georgia Fund 1 have no limitations or restrictions on withdrawals and can be removed at any time.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

3. Deposit and Investment Risk (continued)

At the end of the current fiscal year, component unit investments consist of the following:

<u>Investment</u>	<u>Fair Value Measurement</u>			<u>Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Federal agency securities	\$ 0	\$ 1,816,866	\$ 0	\$ 1,816,866
U.S. treasury notes	2,136,118	0	0	2,136,118
Mortgage-backed securities	0	274,571	0	274,571
Municipal bond securities	0	489,303	0	489,303
Total investments measured at fair value	\$ 2,136,118	\$ 2,580,740	\$ 0	\$ 4,716,858

U.S. treasury notes classified as Level 1 of the hierarchy are valued using prices quoted in active markets. Federal agency securities classified as Level 2 of the hierarchy are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

At the end of the current fiscal year, the City's Employees' Pension Trust Fund investments consist of the following:

<u>Investment</u>	<u>Fair Value Measurement</u>			<u>Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual Funds - corporate bonds	\$ 0	\$ 17,957,060	\$ 0	\$ 17,957,060
Mutual Funds - corporate stocks	76,325,137	0	0	76,325,137
Mutual Funds - real estate	0	0	15,812,544	15,812,544
Total investments measured at fair value	\$ 76,325,137	\$ 17,957,060	\$ 15,812,544	\$ 110,094,741

Mutual funds comprised of corporate stock securities classified as Level 1 of the hierarchy are valued using prices quoted in active markets. Mutual funds comprised of corporate bond securities classified as Level 2 of the hierarchy are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Mutual funds comprised of real estate investments classified as Level 3 of the hierarchy are valued using unobservable inputs and assumptions such as appraisals, rental revenue, rental expense amounts, growth assumptions, and discount rates

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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4. Accounts Receivable

Net accounts receivable at the end of the current fiscal year consist of the following:

Primary Government:

Major Funds

General Fund		\$ 232,961
Fire Special Revenue Fund		736
Department of Water Resources Enterprise Fund	\$ 7,035,421	
Less: Allowance for Uncollectibles	<u>(1,326,042)</u>	5,709,379

Nonmajor Funds

Special Revenue Funds

Community Service Center	2,270	
Opioid Settlement	461,688	
Grants	<u>63,748</u>	527,706

Enterprise Funds

Airport	23,935	
Solid Waste	322,540	
Less: Allowance for Uncollectibles	(89,863)	
Golf Course	<u>78,936</u>	335,548

Internal Service Funds

General Insurance	7,275	
Employee Benefits	<u>176,645</u>	183,920

Total Primary Government		<u><u>\$ 6,990,250</u></u>
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Component Units:

City of Gainesville Parks and Recreation		\$ 18,688
Gainesville Convention and Visitor's Bureau		<u>10,521</u>
Total Component Units		<u><u>\$ 29,209</u></u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Primary Government:

Major Funds

General Fund		\$ 135,335
Fire Special Revenue Fund		532
SPLOST Capital Projects Fund		1,761,852
Department of Water Resources Fund		12,537,862

Nonmajor Funds

Special Revenue Funds			
Community Service Center	\$ 693,582		
Grants	82,528		
HUD Grant	107,921		
Tax Allocation District	785,649		
Police	251		
			1,669,931
Enterprise funds			
Airport			3,499,892
Internal Service Funds			
Vehicle Services			9,812
			<u>9,812</u>
Total Primary Government			<u>\$ 19,615,216</u>

6. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2023, based upon the assessments of January 1, 2022, and the levy date of June 21, 2022, were billed on September 8, 2022, and due on December 1, 2022. Tax liens are issued 90 days after the due date. The City of Gainesville bills and collects its own property taxes with property tax collections appearing as revenues to the respective funds (General, Fire, Police, Tax Allocation District, Debt Service, and Parks and Recreation Component Unit) according to the tax rates set by City Council.

7. Intradepartmental Billings

Total operating revenues and total operating expenses in the Department of Water Resources Enterprise Fund includes \$212,910 of intradepartmental billings for water and sewer usage for the current fiscal year.

8. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Government Capital Projects	\$ 369,985
	Nonmajor Governmental	253,353
Nonmajor Governmental	Nonmajor Governmental	<u>1,171,169</u>
		<u>\$ 1,794,507</u>

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported between the General Fund and nonmajor governmental funds resulted from transactions to alleviate equity in pooled cash deficits at year-end.

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

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

8. Interfund Receivables, Payables, and Transfers (continued)

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Fire	\$ 1,877,020
	SPLOST	2,190,000
	General Government Capital Projects	11,701,292
	Nonmajor Governmental	9,579,945
	Nonmajor Enterprise	31,250
American Rescue Plan Grant	General	2,427,753
Fire	SPLOST	96,219
	General Government Capital Projects	30,000
SPLOST	Nonmajor Governmental	293,692
Department of Water Resources	General	2,075,977
	General Government Capital Projects	4,800,000
	Nonmajor Governmental	1,923
Internal Service	General	7,275
	Department of Water Resources	214,959
	Nonmajor Governmental	40,844
Nonmajor Governmental	General	243,107
	SPLOST	1,546,167
	General Government Capital Projects	5,530,000
	Nonmajor Governmental	512,332
Nonmajor Enterprise	Nonmajor Governmental	3,630
		<u>\$ 43,203,385</u>

Interfund transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations, to transfer City matching funds in accordance with grant agreements, to transfer funds to Capital Projects Funds for capital projects in accordance with budgetary authorizations, and to move capital assets between governmental activities and business-type activities. The transfer from the Department of Water Resources Fund to the General Fund is in accordance with City policy and is common practice for government-owned utility systems. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

9. Capital Assets

Capital asset activity for the primary government for the current fiscal year was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Governmental activities				
Non-depreciable assets				
Land	\$ 26,086,816	\$ 0	\$ (235,385)	\$ 25,851,431
Easements	132,500	0	0	132,500
Construction in progress	23,505,541	20,119,226	(1,389,973)	42,234,794
Total non-depreciable assets	<u>49,724,857</u>	<u>20,119,226</u>	<u>(1,625,358)</u>	<u>68,218,725</u>
Depreciable/amortizable assets				
Buildings	67,756,575	0	0	67,756,575
Land improvements	3,517,286	267,693	0	3,784,979
Vehicles and equipment	27,043,779	2,420,704	(947,196)	28,517,287
Intangibles	1,265,160	0	0	1,265,160
Infrastructure	39,358,383	777,955	0	40,136,338
Intangible right-to-use assets				
Vehicles and equipment	570,253	273,309	0	843,562
Total depreciable/amortizable assets	<u>139,511,436</u>	<u>3,739,661</u>	<u>(947,196)</u>	<u>142,303,901</u>
Less accumulated depreciation/amortization				
Buildings	(24,523,187)	(1,708,746)	0	(26,231,933)
Land improvements	(2,320,537)	(150,727)	0	(2,471,264)
Vehicles and equipment	(18,442,878)	(2,336,400)	927,325	(19,851,953)
Intangibles	(1,181,731)	(11,270)	0	(1,193,001)
Infrastructure	(17,566,753)	(1,301,029)	0	(18,867,782)
Intangible right-to-use assets				
Vehicles and equipment	(143,393)	(240,698)	0	(384,091)
Total accumulated depreciation/amortization	<u>(64,178,479)</u>	<u>(5,748,870)</u>	<u>927,325</u>	<u>(69,000,024)</u>
Total depreciable/amortizable assets, net	<u>75,332,957</u>	<u>(2,009,209)</u>	<u>(19,871)</u>	<u>73,303,877</u>
Governmental activities capital assets, net	<u>\$ 125,057,814</u>	<u>\$ 18,110,017</u>	<u>\$ (1,645,229)</u>	<u>\$ 141,522,602</u>

Beginning balances of the Governmental activities have been restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The restatement totaled \$426,860. The restatement was comprised of \$570,253 costs of intangible right-to-use assets and accumulated amortization of \$143,393.

Decreases in construction in progress for the governmental activities consist of projects placed in service in the amount of \$978,622 and a project distributed to Gainesville Convention and Visitor's Bureau Component Unit in the amount of \$411,351.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

9. Capital Assets (continued)

	Balance Beginning	Increases	Decreases	Balance Ending
Business-type activities				
Non-depreciable assets				
Land	\$ 29,446,835	\$ 425,341	\$ (7,483)	\$ 29,864,693
Easements	2,853,620	0	0	2,853,620
Construction in progress	65,861,716	55,523,128	(265,957)	121,118,887
Total non-depreciable assets	<u>98,162,171</u>	<u>55,948,469</u>	<u>(273,440)</u>	<u>153,837,200</u>
Depreciable/amortizable assets				
Buildings	60,960,667	0	0	60,960,667
Land improvements	12,841,900	146,541	0	12,988,441
Vehicles and equipment	48,918,324	2,237,133	(314,693)	50,840,764
Intangibles	6,138,328	0	0	6,138,328
Infrastructure	604,361,622	3,420,669	0	607,782,291
Intangible right-to-use assets				
Vehicles and equipment	1,304,898	0	0	1,304,898
Total depreciable/amortizable assets	<u>734,525,739</u>	<u>5,804,343</u>	<u>(314,693)</u>	<u>740,015,389</u>
Less accumulated depreciation/amortization				
Buildings	(18,995,326)	(1,355,094)	0	(20,350,420)
Land improvements	(7,458,825)	(678,655)	0	(8,137,480)
Vehicles and equipment	(26,501,978)	(3,147,962)	314,693	(29,335,247)
Intangibles	(3,058,587)	(193,488)	0	(3,252,075)
Infrastructure	(252,144,746)	(13,425,892)	0	(265,570,638)
Intangible right-to-use assets				
Vehicles and equipment	(265,992)	(296,327)	0	(562,319)
Total accumulated depreciation/amortization	<u>(308,425,454)</u>	<u>(19,097,418)</u>	<u>314,693</u>	<u>(327,208,179)</u>
Total depreciable/amortizable assets, net	<u>426,100,285</u>	<u>(13,293,075)</u>	<u>0</u>	<u>412,807,210</u>
Business-type activities capital assets, net	<u>\$ 524,262,456</u>	<u>\$ 42,655,394</u>	<u>\$ (273,440)</u>	<u>\$ 566,644,410</u>

Beginning balances of the Business-type activities have been restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* and combining of GASB Statement No. 87, *Leases* intangible right-to-use assets schedule into the capital asset schedule. The restatement totaled \$1,038,906. The restatement was comprised of \$1,304,898 costs of intangible right-to-use assets and accumulated amortization of \$265,992.

Beginning balances of the Business-type activities have been restated to reclassify assets to the correct classification. These adjustments had no net effect on total beginning net capital assets for the Business-type activities.

Decreases in construction in progress for the business-type activities consist of projects placed in service in the amount of \$265,957.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

9. Capital Assets (continued)

Capital asset activity for the Parks and Recreation Component Unit and the Convention and Visitor's Bureau Component Unit for the current fiscal year was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Parks & Recreation Component Unit				
Non-depreciable assets				
Land	\$ 5,287,810	\$ 0	\$ 0	\$ 5,287,810
Construction in progress	3,177,529	9,097,612	(9,597)	12,265,544
Total non-depreciable assets	<u>8,465,339</u>	<u>9,097,612</u>	<u>(9,597)</u>	<u>17,553,354</u>
Depreciable assets				
Buildings	9,176,848	229,717	0	9,406,565
Land improvements	7,110,679	497,818	0	7,608,497
Vehicles and equipment	2,448,765	295,498	(206,082)	2,538,181
Intangibles	39,665	0	0	39,665
Infrastructure	3,120,059	0	0	3,120,059
Total depreciable assets	<u>21,896,016</u>	<u>1,023,033</u>	<u>(206,082)</u>	<u>22,712,967</u>
Less accumulated depreciation				
Buildings	(6,682,050)	(109,760)	0	(6,791,810)
Land improvements	(3,398,899)	(411,565)	0	(3,810,464)
Vehicles and equipment	(1,408,335)	(153,139)	206,082	(1,355,392)
Intangibles	(39,666)	0	0	(39,666)
Infrastructure	(2,086,226)	(123,577)	0	(2,209,803)
Total accumulated depreciation	<u>(13,615,176)</u>	<u>(798,041)</u>	<u>206,082</u>	<u>(14,207,135)</u>
Total depreciable assets, net	<u>8,280,840</u>	<u>224,992</u>	<u>0</u>	<u>8,505,832</u>
Parks & Recreation Component Unit capital assets, net	<u>\$ 16,746,179</u>	<u>\$ 9,322,604</u>	<u>\$ (9,597)</u>	<u>\$ 26,059,186</u>
Convention and Visitor's Bureau Component Unit				
Depreciable assets				
Buildings	\$ 1,795,280	\$ 411,351	\$ (61,454)	\$ 2,145,177
Land Improvements	86,853	0	0	86,853
Vehicles and equipment	82,691	25,000	0	107,691
Total depreciable assets	<u>1,964,824</u>	<u>436,351</u>	<u>(61,454)</u>	<u>2,339,721</u>
Less accumulated depreciation				
Buildings	(856,911)	(65,095)	61,454	(860,552)
Land Improvements	(11,475)	(7,935)	0	(19,410)
Vehicles and equipment	(75,427)	(2,472)	0	(77,899)
Total accumulated depreciation	<u>(943,813)</u>	<u>(75,502)</u>	<u>61,454</u>	<u>(957,861)</u>
Convention and Visitor's Bureau Component Unit capital assets, net	<u>\$ 1,021,011</u>	<u>\$ 360,849</u>	<u>\$ 0</u>	<u>\$ 1,381,860</u>

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

9. Capital Assets (continued)

Depreciation/amortization expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 2,329,050
Public Safety	1,529,632
Public Works	1,195,269
Health and Welfare	441,069
Housing and Development	170,089
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	31,053

Total depreciation/amortization expense for governmental activities	\$ 5,696,162
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Business-type activities

Department of Water Resources	\$ 17,259,807
Airport	650,594
Solid Waste	600,473
Golf Course	540,366

Total depreciation/amortization expense for business-type activities	\$ 19,051,240
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Component Units

Parks and Recreation	\$ 798,401
Convention and Visitor's Bureau	75,502

	Primary Government	
	Governmental Activities	Business-type Activities
Current year depreciation/amortization expense	\$ 5,696,162	\$ 19,051,240
Prior accumulated depreciation on on assets contributed from individuals		46,178
Prior accumulated depreciation on assets through transfer from enterprise funds	52,708	0
Additions to accumulated depreciation/amortization	\$ 5,748,870	\$ 19,097,418

10. Leases Receivable

Governmental Activities

During the fiscal year ended June 30, 2021, the City entered into a 139-month lease as Lessor for the use of the City's Georgia Mountain Center property. An initial lease receivable was recorded in the amount of \$1,312,224 at July 1, 2020, to implement GASB Statement No. 87, *Leases*. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term. At the end of the current year, the value of the lease receivable is \$990,211. The lessee is required to make monthly fixed payments of \$10,000. The lease has an interest rate of 1.1310%. The value of the deferred inflow of resources at the end of the current year is \$974,232. The City recognized lease revenue of \$119,264 and interest revenue of \$12,796 on the lease during the current fiscal year.

During the fiscal year ended June 30, 2023, the City entered into a 60-month lease as Lessor for the use of real property in the City limits. An initial lease receivable was recorded in the amount of \$399,785. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term. At the end of the current year, the value of the lease receivable is \$369,785. The lessee is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 2.8500%. The value of the deferred inflow of resources at the end of the current year is \$398,008. The City recognized lease revenue of \$1,777 and interest revenue of \$703 on the lease during the current fiscal year.

10. Leases Receivable (continued)

Business-type Activities

Airport Fund

During prior fiscal years, the City entered into multiple leases as Lessor for the use of hangars and land at the City's airport. An initial lease receivable was recorded in the amount of \$4,631,222 at July 1, 2020 to implement GASB Statement No. 87, *Leases*. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term. Various lease modifications were made to several of these leases during the fiscal year ending June 30, 2023. At the end of the current year, the value of the lease receivable is \$3,767,319. The lessees are required to make monthly payments ranging from \$62 to \$5,366. The interest rates on the leases range from 0.51% to 1.59%. The value of the deferred inflow of resources at the end of the current year is \$3,721,051. The City recognized lease revenue of \$554,150 and interest revenue of \$35,761 on the leases during the current fiscal year.

11. Long-Term Debt

Leases/Subscriptions

Governmental Activities

The City entered into an agreement to subscribe to certain software. The subscription agreements qualify subscriptions under GASB Statement No. 96, *Subscription-Based Information Technology Agreements*, and have been recorded at the present value of the future minimum subscription payments at their inception. Subscription liabilities are comprised of the following individual subscriptions at the end of the current fiscal year:

- \$47,139 agenda and meeting software subscription due in annual installments ranging from \$6,020 to \$7,317 through March 2028, interest at 0.8330%, \$32,421 outstanding.
- \$38,625 meeting software subscription due in annual installments ranging from \$6,405 to \$7,785 through January 2028, interest at 2.7020%, \$32,609 outstanding.
- \$23,849 capital asset tracking software subscription due in annual installments of \$6,000 through February 2025, interest at 0.4260%, \$11,949 outstanding.

11. Long-Term Debt (continued)

Leases/Subscriptions, continued

Governmental Activities

- \$18,961 budget software subscription due in annual installments of \$9,500 through October 2022, interest at 0.2760%. This obligation was paid in full during the current fiscal year.
- \$26,387 privileged access management software subscription due in annual installments of \$6,000 through September 2024, interest at 0.3150%, \$11,962 outstanding.
- \$131,537 data storage software subscription due in annual installments of \$45,000 through March 2025, interest at 2.6560%, \$86,537 outstanding.
- \$103,146 cloud platform software subscription due in annual installments of \$35,287 through February 2025, interest at 2.6560%, \$67,859 outstanding.
- \$78,288 evidence management software subscription due in annual installments of \$12,384 through March 2024, interest at 0.4570%, \$12,328 outstanding.
- \$375,631 evidence management software subscription due in annual installments of \$126,165 through March 2024, interest at 0.4570%, \$125,532 outstanding.

The following is a schedule of future minimum lease/subscription payments together with the present value of the net minimum lease/subscription payments for the governmental activities at the end of the current fiscal year:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 237,289	\$ 5,933	\$ 243,222
2025	102,302	3,031	105,333
2026	12,957	741	13,698
2027	13,871	512	14,383
2028	14,778	265	15,043
Totals	<u>\$ 381,197</u>	<u>\$ 10,482</u>	<u>\$ 391,679</u>

11. Long-Term Debt (continued)

Leases/Subscriptions, continued

Business-type Activities

The City entered an agreement to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and have been recorded at the present value of the future minimum lease payments at their inception. Lease liabilities are comprised of the following individual leases at the end of the current fiscal year:

- \$192,602 golf cart equipment lease due in monthly installments of \$3,559 through December 2027, interest at 4.2800%, \$126,259 outstanding.

The City entered into an agreement to subscribe to certain software. The subscription agreements qualify subscriptions under GASB Statement No. 96, *Subscription-Based Information Technology Agreements*, and have been recorded at the present value of the future minimum subscription payments at their inception. Subscription liabilities are comprised of the following individual subscriptions at the end of the current fiscal year:

- \$1,016,639 mapping and analytics software subscription due in annual installments of \$191,800 through December 2025, interest at 0.4570%, \$570,180 outstanding.
- \$95,657 laboratory information management system software subscription due in annual installments of \$34,203 through April 2024, interest at 2.1843%, \$33,472 outstanding.

The following is a schedule of future minimum lease/subscription payments together with the present value of the net minimum lease/subscription payments for the business-type activities at the end of the current fiscal year:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 260,708	\$ 8,000	\$ 268,708
2025	229,761	4,744	234,505
2026	232,362	2,143	234,505
2027	7,080	25	7,105
Totals	\$ 729,911	\$ 14,912	\$ 744,823

11. Long-Term Debt (continued)

Revenue Bonds

Business-type Activities

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at the end of the current fiscal year:

- \$83,650,000 2014 Water and Sewer System Refunding series bonds due in annual installments of \$3,715,000 to \$7,710,000 through November 15, 2028; interest at 5.00% (\$29,940,000 outstanding).

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 5,640,000	\$ 1,356,000	\$ 6,996,000
2025	5,800,000	1,070,000	6,870,000
2026	5,720,000	782,000	6,502,000
2027	5,205,000	508,875	5,713,875
2028	3,860,000	282,250	4,142,250
2029	3,715,000	92,875	3,807,875
Totals	<u>\$ 29,940,000</u>	<u>\$ 4,092,000</u>	<u>\$ 34,032,000</u>

The Water and Sewerage Revenue Bonds Series 2014 (\$83,650,000) are collateralized by operating income from the water and sewerage system of the City of Gainesville, Georgia. Upon the occurrence of an event of default, all outstanding principal and accrued interest on the Water and Sewerage Revenue Bonds Series 2014 may be declared immediately due and payable. Proceeds from the Series 2014 were used to refund a portion of the Series 2005 water and sewerage revenue bond issue and retire the debt on 13 water and sewerage notes payable, and to pay expenses necessary to accomplish the Series 2014 refunding issue.

The bonds are payable solely from the water and sewer operating income and are payable through the fiscal years ending 2029. Total principal and interest remaining to be paid on the bonds is \$34,031,800. Principal and interest paid for the current year was \$6,300,000 and \$1,654,500, respectively. Water and sewer operating revenue totaled \$81,023,205 for the current year.

11. Long-Term Debt (continued)

Certificates of Participation

Governmental Activities

The City has entered into an agreement to participate in a pooled program sponsored by the Georgia Municipal Association. Certificates of Participation in the amount of \$150,126,000 were issued in connection with the program, with the City's pro rata share of the principal being \$1,166,000. At the end of the current fiscal year, the City has a balance of \$448,953 of the certificate proceeds for the purpose of financing the acquisition of equipment. The remaining balance of the certificate proceeds is held in trust pursuant to the certificate and is not considered legal debt of the City.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 325,625	\$ 0	\$ 325,625
2025	123,328	0	123,328
Totals	<u>\$ 448,953</u>	<u>\$ 0</u>	<u>\$ 448,953</u>

11. Long-Term Debt (continued)

Contracts Payable

Governmental Activities

On May 20, 2009, the Gainesville Redevelopment Authority issued \$6,230,000 in the Series 2009A Revenue Bonds, with interest rates of 3.00-4.625%. An intergovernmental lease became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the lease, bond proceeds of the Authority issue will be applied to construct and equip the 2009A Project, which includes the construction of the Mainstreet Parking Deck, to be made by the City, and the 2009 Project will be leased to the City. In return, the City will make payments to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to land and the Parking Garage thereon to the Authority. The City will continue to operate, maintain, repair and have use of the Parking Garage.

On September 25, 2012, the Gainesville Redevelopment Authority issued \$8,950,000 in the Series 2012B Revenue Refunding and Improvement Bonds, with an interest rates of 2.542%. An intergovernmental agreement became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the agreement, bond proceeds of the Authority issue will be applied toward the purchase of land and buildings currently being used as a corrections facility within a designated redevelopment area and refunding of the Series 2004B Lee Gilmer Memorial Airport Project bonds and the property will be leased to the City. In return, the City will make payment to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to land and building thereon to the Authority. The City will continue to maintain, repair and have use of the property.

11. Long-Term Debt (continued)

Contracts Payable, continued

Governmental Activities

On August 6, 2018, the Gainesville Redevelopment Authority issued \$4,695,000 in the Series 2018 Revenue Refunding Bonds, with an interest rate of 3.99%. An intergovernmental agreement became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the agreement, bond proceeds of the Authority issue will be applied toward the construction of two additional floors for parking in the Original Parking Garage Project and that a pocket park be constructed, installed, and equipped adjacent to the Original Parking Garage Project, and the property will be leased to the City. In return, the City will make payment to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. The City will continue to maintain, repair and have use of the property.

On September 20, 2022, the Gainesville Redevelopment Authority issued \$33,970,000 in the Series 2022A Tax-Exempt Revenue Bonds, with interest rates of 5.250-5.000%. An intergovernmental agreement became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the agreement, bond proceeds of the Authority issue will be applied toward the construction of a multi-field recreation facility known as "The Coop" and a building known as "The Boathouse", and the property will be leased to the City. In return, the City will make payment to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to land and building thereon to the Authority. The City will continue to maintain, repair and have use of the property.

11. Long-Term Debt (continued)

Contracts Payable, continued

Governmental Activities

On September 20, 2022, the Gainesville Redevelopment Authority issued \$3,065,000 in the Series 2022B Taxable Revenue Bonds, with interest rates of 4.600-5.250%. An intergovernmental agreement became effective, on the date of issuance, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the agreement, bond proceeds of the Authority issue will be applied toward the renovation of certain retail space, and the property will be leased to the City. In return, the City will make payment to the trustee for the bonds on behalf of the Authority sufficient to pay the principal and interest on the bonds. In conjunction with the issuance of the bonds, the City conveyed title to land and building thereon to the Authority. The City will continue to maintain, repair and have use of the property.

Business-type Activities

On January 17, 2006, the City of Gainesville entered into an intergovernmental agreement with Hall County, Georgia, for the operation of the Hall County Water System. The agreement, in the original amount of \$31,539,701, has a 25-year term with an interest rate of 0.00%. In the agreement, the City received \$34,781,050 in capital assets, \$156,739 in intergovernmental receivables from White County, Georgia, and assumed \$3,398,088 in notes payable and accrued interest. Hall County will transfer 1/25th of the system value, \$1,261,588, annually, beginning January 17, 2007, to offset the payment. If the agreement is terminated prior to the end of the term, Hall County will pay the City for all costs associated with capital improvements made to the system after January 17, 2006, plus the percentage change in the Consumer Price Index since January 17, 2006. Hall County will also pay the City for the portion of the system already transferred at the time of termination.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

11. Long-Term Debt (continued)

Contracts Payable, continued

Business-type Activities

On June 1, 2015, the Gainesville Redevelopment Authority issued \$11,230,000 in the Series 2015 Revenue Refunding Bonds, with an interest rate of 2.556%. An intergovernmental became effective, on the date of issue, between the Gainesville Redevelopment Authority and the City of Gainesville. Under the agreement, bond proceeds of the Authority issue will be applied for refunding all of the Authority's Nontaxable Revenue Bonds, Series 2005 (Golf Course Project) and Series 2007(Frances Meadows Project) and paying the cost of issuing the Series 2015 Bonds. In return, the City will make payments to the trustee for the bonds, on behalf of the Authority, sufficient to pay the principal and interest on the bonds. The City will continue to operate, maintain, repair and have use of the Golf Course and Frances Meadows Center.

Annual debt service requirements to maturity for governmental activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,062,808	\$ 2,055,924	\$ 4,118,732
2025	3,292,808	1,961,259	5,254,067
2026	3,150,418	1,839,255	4,989,673
2027	3,118,030	1,721,574	4,839,604
2028	3,261,327	1,601,637	4,862,964
2029-2033	9,951,521	6,594,749	16,546,270
2034-2038	10,581,521	4,194,424	14,775,945
2039-2043	12,426,627	1,883,683	14,310,310
2044	2,715,000	58,693	2,773,693
Totals	<u>\$ 50,560,060</u>	<u>\$ 21,911,198</u>	<u>\$ 72,471,258</u>

11. Long-Term Debt (continued)

Contracts Payable, continued

Annual debt service requirements to maturity for business-type activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,551,588	\$ 19,250	\$ 1,570,838
2025	1,556,588	11,628	1,568,216
2026	1,561,588	3,919	1,565,507
2027	1,261,588	0	1,261,588
2028	1,261,588	0	1,261,588
2029-2031	3,784,764	0	3,784,764
Totals	<u>\$ 10,977,704</u>	<u>\$ 34,797</u>	<u>\$ 11,012,501</u>

Notes from Direct Borrowings

Governmental Activities

On April 17, 2018, the City entered into a financed purchase agreement with PNC Equipment Finance, LLC, for the purchase of a 2019 Pierce Aerial Ladder Truck. The amount of the agreement was \$1,268,593, interest at 3.43%, for a term of five years. The outstanding balance was \$273,433 at year end. The agreement is collateralized by the vehicle. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable or the City will be required to return the vehicle.

CITY OF GAINESVILLE, GEORGIA
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June 30, 2023

11. Long-Term Debt (continued)

Notes from Direct Borrowings, continued

Governmental Activities

In July 2021, the City entered into a financed purchase agreement with PNC Equipment Finance, LLC, for the purchase of two 2021 Pierce Arrow XT Pumper Trucks. The amount of the agreement was \$1,383,099, interest at 2.02%, for a term of five years. The outstanding balance was \$846,477 at year end. The agreement is collateralized by the vehicles. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable or the City will be required to return the vehicles.

In November 2022, the City entered into a financed purchase agreement with PNC Equipment Finance, LLC, for the purchase of a 2023 Pierce Arrow XT Tandem Axle Heavy Rescue Truck and a 2023 Pierce Arrow XT Pumper Truck. The amount of the agreement was \$2,028,000, interest at Prime Rate plus one percent (1.00%), for a term of five years. The outstanding balance was \$2,028,000 at year end. The agreement is collateralized by the vehicle. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable or the City will be required to return the vehicle.

Annual debt service requirements to maturity for governmental activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 918,648	\$ 123,298	\$ 1,041,946
2025	668,416	90,719	759,135
2026	692,569	66,565	759,134
2027	424,026	41,417	465,443
2028	444,251	21,191	465,442
Totals	\$ 3,147,910	\$ 343,190	\$ 3,491,100

11. Long-Term Debt (continued)

Notes from Direct Borrowings, continued

Business-Type Activities

The City entered into 3 direct borrowing agreements the Georgia Environmental Finance Authority in the amount of \$60,500,000 for expansion of the City's water and sewer system. Monthly installments of principal and interest are due beginning on the first day of the calendar month following the date that the loan is fully disbursed (the Amortization Commencement Date) for 239 months; interest at 0.13%. The City has drawn \$36,911,937 on these agreements. At the end of the current fiscal year, the notes are still in drawdown phase (\$36,911,937 outstanding); therefore, an amortization schedule for these notes payable is not presented. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees and charges collected by the City.

In July 2021, the City entered into a financed purchase agreement with KS StateBank for the purchase of six 2020 Mack Packer Trucks. The amount of the agreement was \$1,104,395, interest at 4.46%, for a term of four years. The outstanding balance was \$626,077 at year end. The agreement is collateralized by the vehicles. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable or the City will be required to return the vehicles.

On April 1, 2022, the City entered into a financed purchase agreement with KS StateBank for the purchase of two 2022 Mack Side Loader Trucks. The amount of the agreement was \$550,433, interest at 3.65%, for a term of four years. The outstanding balance was \$287,611 at year end. The agreement is collateralized by the vehicles. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable or the City will be required to return the vehicles.

11. Long-Term Debt (continued)

Notes from Direct Borrowings, continued

Business-Type Activities

Annual debt service requirements to maturity for business-type activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 754,500	\$ 38,423	\$ 792,923
2025	159,188	5,812	165,000
Totals	<u>\$ 913,688</u>	<u>\$ 44,235</u>	<u>\$ 957,923</u>

CITY OF GAINESVILLE, GEORGIA
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12. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the current fiscal year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Notes from direct borrowings	\$ 1,655,281	\$ 2,028,000	\$ (535,371)	\$ 3,147,910	\$ 918,648
Certificates of participation	404,592	369,985	(325,624)	448,953	325,625
Subscriptions payable	358,258	273,308	(250,369)	381,197	237,289
Contracts payable	13,811,479	38,721,389	(1,972,808)	50,560,060	2,062,808
Compensated absences	1,513,139	1,568,811	(1,361,825)	1,720,125	1,548,113
Total governmental activities	<u>\$ 17,742,749</u>	<u>\$ 42,961,493</u>	<u>\$ (4,445,997)</u>	<u>\$ 56,258,245</u>	<u>\$ 5,092,483</u>
Business-type activities					
Revenue bonds	\$ 36,240,000	\$ 0	\$ (6,300,000)	\$ 29,940,000	\$ 5,640,000
Unamortized bond premium	6,729,411	0	(1,048,739)	5,680,672	1,048,739
Leases payable	162,709	0	(36,451)	126,258	38,042
Subscriptions payable	823,148	0	(219,495)	603,653	222,666
Contracts payable	12,519,292	0	(1,541,588)	10,977,704	1,551,588
Notes from direct borrowings	8,933,712	29,177,562	(285,649)	37,825,625	754,500
Compensated absences	858,017	878,144	(772,216)	963,945	867,551
Total business-type activities	<u>\$ 66,266,289</u>	<u>\$ 30,055,706</u>	<u>\$ (10,204,138)</u>	<u>\$ 86,117,857</u>	<u>\$ 10,123,086</u>
Component Units					
City of Gainesville					
Parks and Recreation					
Compensated absences	\$ 107,558	\$ 135,503	\$ (96,802)	\$ 146,259	\$ 131,633
Gainesville Convention and Visitor's Bureau					
Compensated absences	24,376	31,889	(21,939)	34,326	30,894
Total Component Units	<u>\$ 131,934</u>	<u>\$ 167,392</u>	<u>\$ (118,741)</u>	<u>\$ 180,585</u>	<u>\$ 162,527</u>

Beginning debt balances have been restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Revenue bond discounts/premiums are amortized over the life of the related debt using the straight-line method. Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General and Special Revenue Funds.

12. Long-Term Liabilities (continued)

Total interest incurred and expensed in the governmental activities and the business-type activities for the current fiscal year was \$1,640,686 and \$1,722,629, respectively.

The City is subject to a legal debit margin of 10% of total assessed property value. The City's net assessed value is \$6,978,634,243. The City has \$0 of outstanding general obligation debt. The City has a total of \$697,863,424 (100%) of outstanding legal debt margin remaining.

13. Conduit Debt

From time to time, the City has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, nor the State, or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At the end of the current fiscal year, there were 9 series of Revenue Bonds outstanding. The current aggregate principal amount payable for the series totaled \$394,996,348. The original issue amounts totaled \$444,767,034.

CITY OF GAINESVILLE, GEORGIA
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14. Nonspendable, Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds at the end of the current fiscal year:

	General	Fire	SPLOST	General Government Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 116	\$ 0	\$ 0	\$ 2,028,000	\$ 3,584	\$ 2,031,700
Restricted for:						
Police facilities and equipment	0	0	0	0	1,978,164	1,978,164
Fire facilities and equipment	0	0	0	0	2,621,853	2,621,853
Streets facilities and equipment	0	0	0	0	19,150	19,150
Community Service Center operations	0	0	0	0	2,084,020	2,084,020
Recreation facilities and equipment	0	0	0	0	509,958	509,958
Neighborhood improvements	0	0	0	0	288,682	288,682
Midtown development	0	0	0	0	1,739,558	1,739,558
Capital projects	0	0	31,112,550	9,042,267	0	40,154,817
Debt service	0	0	0	0	1,313,785	1,313,785
	0	0	31,112,550	9,042,267	10,555,170	50,709,987
Committed for:						
Cemetery improvements	0	0	0	0	614,014	614,014
Tree replacement	50,008	0	0	0	0	50,008
Energy efficiency retrofits	0	0	0	0	3,501	3,501
	50,008	0	0	0	617,515	667,523
Assigned for:						
Fire operations	0	1,439,510	0	0	0	1,439,510
Police operations	0	0	0	0	135,890	135,890
Community Service Center operations	0	0	0	0	2,749,664	2,749,664
Economic development	0	0	0	0	8,749,971	8,749,971
Tourism and City promotion	0	0	0	0	589,397	589,397
Budget	4,716,722	0	0	0	0	4,716,722
Capital projects	181,648	0	2,717,980	21,951,303	518,824	25,369,755
Debt service	0	0	0	0	2,689,020	2,689,020
	4,898,370	1,439,510	2,717,980	21,951,303	15,432,766	46,439,929

15. Self-Insurance

General Insurance

During fiscal year 1993, the City established its General Insurance Internal Service Fund, which includes workers' compensation, property, and general liability. Property and liability claims are insured through a private insurance carrier, and subject to various deductibles that are paid from City funds. On January 1, 2013, the City established a self-insurance program for workers' compensation.

As part of the newly established self-insurance program, the City has utilized the services of a broker and a third-party administrator. The broker and third-party administrator assist to determine the self-insurance funding requirements using data from the City's claim history. The third-party administrator files claims, and forms required by the State of Georgia and provides risk control services. The City has also established excess workers' compensation coverage with Midwest Employers Casualty to assist with claims exceeding \$750,000.

Settled claims in the past three years have not exceeded the coverages.

Health Insurance

The City provides health care benefits to its full-time and retired employees and their dependents through a self-insured plan administered by Healthgram. Under this arrangement, the City is responsible for paying all claims but purchases reinsurance policies through an insurance provider that is responsible for paying claims in excess of agreed-upon specific and aggregate levels.

Liabilities

Liabilities of the funds 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 (IBNR). Changes in the balances of claims liabilities during the past two fiscal years are as follows:

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

15. Self-Insurance (continued)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
General Insurance Internal Service Fund		
Balance, beginning of year	\$ 1,193,468	\$ 1,191,498
Current year claims and changes in estimate	353,942	281,155
Claim payments	<u>(380,770)</u>	<u>(279,185)</u>
Balance, end of year	<u>\$ 1,166,640</u>	<u>\$ 1,193,468</u>
Employee Benefits Internal Service Fund		
Balance, beginning of year	\$ 575,938	\$ 805,486
Current year claims and changes in estimate	7,954,773	6,323,513
Claim payments	<u>(7,938,299)</u>	<u>(6,553,061)</u>
Balance, end of year	<u>\$ 592,412</u>	<u>\$ 575,938</u>

16. Pension Plans

Defined Benefit Pension Plans

The City contributes and participates in two pension plans: a single-employer, defined benefit plan (Pension Plan A) and an agent multiple-employer, defined benefit plan (Pension Plan B). Each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies and Note 3 - Cash and Investments for basis of accounting and reporting of investments.

Pension Plan A

Plan Description. The City of Gainesville Retirement Plan A was established February 24, 1941, and was restated July 1, 1994. The Plan was established by the City to provide retirement benefits to substantially all full-time civil service employees. Employees in Pension Plan A do not participate in Federal Social Security with the City. Pension Plan A provides pension benefits, death, and disability benefits. This plan was established in accordance with the City Charter and State statutes. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

Management of the Retirement Plan A is vested in the Retirement Plan A Board ("Board"), which consists of seven members – six members are elected by active and retired plan members and one is appointed by position.

16. Pension Plans (continued)

Pension Plan A (continued)

Each Board member represents different groups of participants which are retirees, Water Resources department, Police department, Fire department, and three representatives for all other employees.

There is no stand-alone financial report issued for Pension Plan A.

At July 1, 2023, the date of the most recent actuarial valuation, participants consist of the following:

Retirees and beneficiaries currently receiving benefits	306
Terminated vested participants entitled to but not yet receiving benefits	61
Active participants	<u>481</u>
Total number of participants	<u><u>848</u></u>

Benefits Provided. Employees hired before July 1, 2008, are eligible for normal retirement upon completion of twenty-five years of service or age 60 with at least five years of service. The normal retirement benefit payable for life is 3.0% of the average monthly salary for the highest consecutive five years of service multiplied by the years of service, not to exceed thirty-three years. Benefits vest after ten years of service. An early retirement option is available upon completion of twenty years of service. However, benefits are reduced by 2% for each year the commencement date precedes the normal retirement date. Public safety employees hired on or after July 1, 2008, are eligible for normal retirement upon age 50 and completion of twenty-five years of service or age 60 with at least ten years of service. The normal retirement benefit payable for life is 2.5% of the average monthly salary for the highest consecutive five years of service multiplied by the years of service, not to exceed thirty-three years. Benefits vest after ten years of service. An early retirement option is available upon completion of twenty years of service. However, benefits are reduced by 1.65% for each year the commencement date precedes the normal retirement date. All other employees hired on or after July 1, 2008, are eligible for normal retirement upon age 60 and completion of twenty-five years of service or age 60 with at least ten years of service. The normal retirement benefit payable for life is 2.5% of the average monthly salary for the highest consecutive five years of service multiplied by the years of service, not to exceed thirty-three years. Benefits vest after ten years of service. An early retirement option is available upon completion of twenty years of service.

16. Pension Plans (continued)

Pension Plan A (continued)

However, benefits are reduced by 1.65% for each year the commencement date precedes the normal retirement date.

Contributions. The contribution requirements of plan members and the City are established by plan policy and may be amended under requirements by City Council. Plan members are required to contribute 13.2% of their annual covered salary. The City is required to contribute a matching percentage of 13.2% of annual covered payroll, actuarially determined as an amount that, when combined with plan member contributions is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contributions are recognized when due, pursuant to formal or contractual commitments. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment Policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the City's adopted asset allocation policy at the end of the current fiscal year:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	55%
Fixed Income (core)	35%
Real Estate	10%
Totals	<u>100%</u>

Rate of return. For the current fiscal year, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF GAINESVILLE, GEORGIA
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16. Pension Plans (continued)

Pension Plan A (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of \$68,310,205. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. For the current fiscal year, the City recognized pension expense of \$8,448,150.

The components of the net pension liability for the City and CVB Component Unit are as follows:

Changes in the Net Pension Liability	CVB Component Unit	City	Total
Total Pension Liability			
Service Cost	\$ 77,892	\$ 3,668,694	\$ 3,746,586
Interest	259,798	12,236,488	12,496,286
Differences between expected and actual experience	5,699	268,414	274,113
Benefit payments	(240,373)	(11,321,560)	(11,561,933)
Net change in Total Pension Liability	103,016	4,852,036	4,955,052
Total Pension Liability, Balances as of June 30, 2022	3,753,696	176,799,057	180,552,753
Total Pension Liability, Balances as of June 30, 2023	<u>\$ 3,856,712</u>	<u>\$ 181,651,093</u>	<u>\$ 185,507,805</u>
Plan fiduciary net position			
Contributions - city	\$ 87,898	\$ 4,140,019	\$ 4,227,917
Contributions - member	87,898	4,140,019	4,227,917
Net investment income	(18,113)	(853,124)	(871,237)
Benefit payments	(240,373)	(11,321,560)	(11,561,933)
Administrative expenses	(9,371)	(441,366)	(450,737)
Net changes in fiduciary net position	(92,061)	(4,336,012)	(4,428,073)
Plan Fiduciary Net Position, Balances as of June 30, 2022	2,528,600	119,097,073	121,625,673
Plan Fiduciary Net Position, Balances as of June 30, 2023	2,436,539	114,761,061	117,197,600
Changes in participant fund allocation	(33,048)	33,048	0
Employer's Net Pension Liability	<u>\$ 1,387,125</u>	<u>\$ 66,923,080</u>	<u>\$ 68,310,205</u>
Plan fiduciary net position as a percentage of the total pension liability	63.18%	63.18%	63.18%
Covered payroll	\$ 650,403	\$ 31,379,271	\$ 32,029,674
Employer's Net pension liability as a percentage of covered payroll	213.27%	213.27%	213.27%

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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16. Pension Plans (continued)

Pension Plan A (continued)

At the end of the current fiscal year, the City and CVB Component Unit reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	CVB Component Unit		City		Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,084	\$ 0	\$ 4,394,446	\$ 0	\$ 4,485,530	\$ 0
Changes in participant fund allocation	175,003	0	254,294	(429,297)	429,297	(429,297)
Net difference between projected and actual earnings on pension plan investments	227,935	0	10,996,830	0	11,224,765	0
Totals	\$ 494,022	\$ 0	\$ 15,645,570	\$ (429,297)	\$ 16,139,592	\$ (429,297)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year	CVB Component Unit	City	Total
2024	\$ 115,110	\$ 3,545,469	\$ 3,660,579
2025	82,128	2,529,607	2,611,735
2026	236,820	7,294,231	7,531,051
2027	59,964	1,846,966	1,906,930
Totals	\$ 494,022	\$ 15,216,273	\$ 15,710,295

16. Pension Plans (continued)

Pension Plan A (continued)

Actuarial Assumptions. The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	Inflation plus merit increases that vary by service, ranging from 0.00% to 11.00%
Cost of living adjustments	0.00%
Net investment rate of return	7.00%, net of investment expense, including inflation
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, using 2.75% annual increases
Remaining amortization period	1-28 years (closed periods)

Pre-retirement mortality rates are based on the sex-distinct RP-2014 Employee Mortality Table. Healthy annuitant mortality rates are based on the sex-distinct RP-2014 Blue Collar Healthy Annuitant Mortality Table with rates adjusted 120%, set forward two years for males only. Disabled mortality rates were based on the sex-distinct RP-2014 Disabled Retiree Mortality Table. All mortality tables are projected generationally with Scale MP-2015.

The mortality and economic actuarial assumptions used in the July 1, 2022 and the July 1, 2023 valuations were based on the results of an actuarial experience study for the period of July 1, 2010 through June 30, 2015, and a subsequent review of economic assumptions as of July 1, 2018.

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

16. Pension Plans (continued)

Pension Plan A (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap equity	40%	4.10%
U.S. small/mid cap equity	10%	4.55%
U.S. direct real estate	15%	3.54%
Absolute Return	10%	3.04%
Private equity	10%	7.40%
U.S. fixed income	15%	1.05%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan members and the City will each contribute 13.2 percent of pay, for a total of 26.4 percent. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to the projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease 6.0%</u>	<u>Current Rate 7.0%</u>	<u>1% Increase 8.0%</u>
CVB Component Unit	\$ 1,870,155	\$ 1,387,125	\$ 1,043,442
City	88,084,311	66,923,080	49,146,127
Net Pension Liability	<u>\$ 89,954,466</u>	<u>\$ 68,310,205</u>	<u>\$ 50,189,569</u>

16. Pension Plans (continued)

Pension Plan A (continued)

Plan Fiduciary Net Position. The financial statements of this plan are included as an employee pension trust fund within this report (Exhibits J-3 and J-4). There is no separately issued stand-alone financial report for this pension plan.

Pension Plan B

Plan Description. Pension Plan B is the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death, and disability benefits, which were established and may be amended by City Council Ordinance and change of contract with GMA. The City elected to participate in GMEBS as of July 1, 1994 as the result of City Ordinance and a contract between the City and the GMEBS.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder.

The annual report and more detailed information regarding the plan can be obtained at www.gacities.com

16. Pension Plans (continued)

Pension Plan B (continued)

At January 1, 2023, the date of the most recent actuarial valuation, participants consist of the following:

Retirees and beneficiaries currently receiving benefits	78
Terminated vested participants entitled to but not yet receiving benefits	47
Active participants	<u>123</u>
Total number of participants	<u><u>248</u></u>

Benefits Provided. Regular full-time employees who are non-civil service and who are not eligible to participate in any other retirement program of the City may participate in Plan B at the commencement of employment. Pension Plan B employees also participate in Social Security. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement at age 55 with ten years of total service. The benefit formula is 1.25% - 2.00% with a five-year vesting schedule.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's contributions for the current fiscal year totaled \$357,809 or 4.03% of covered payroll. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. The Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

16. Pension Plans (continued)

Pension Plan B (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of \$1,826,967. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. For the current fiscal year, the City recognized pension expense of \$535,581. The Governmental Activities' net pension liability is liquidated by the General Fund, Community Service Center Special Revenue Fund, and Fire Special Revenue Fund.

The components of the net pension liability are as follows:

Changes in the Net Pension Liability	Parks and Recreation Component	City	Totals
Total Pension Liability			
Service Cost	\$ 43,298	\$ 126,961	\$ 170,259
Interest	181,166	531,233	712,399
Differences between expected and actual experience	(65,555)	(192,225)	(257,780)
Benefit payments	(167,937)	(492,441)	(660,378)
Net change in Total Pension Liability	(9,028)	(26,472)	(35,500)
Total Pension Liability, Balances as of June 30, 2022	2,497,163	7,322,405	9,819,568
Total Pension Liability, Balances as of June 30, 2023	<u>\$ 2,488,135</u>	<u>\$ 7,295,933</u>	<u>\$ 9,784,068</u>
Plan fiduciary net position			
Contributions	103,297	302,898	406,195
Net investment income	(394,572)	(1,156,999)	(1,551,571)
Benefit payments	(167,937)	(492,441)	(660,378)
Administrative expenses	(8,106)	(23,773)	(31,879)
Net changes in fiduciary net position	(467,318)	(1,370,315)	(1,837,633)
Plan Fiduciary Net Position, Balances as of June 30, 2022	2,490,847	7,303,887	9,794,734
Plan Fiduciary Net Position, Balances as of June 30, 2023	<u>\$ 2,023,529</u>	<u>\$ 5,933,572</u>	<u>\$ 7,957,101</u>
Employer's Net Pension Liability	<u>\$ 464,606</u>	<u>\$ 1,362,361</u>	<u>\$ 1,826,967</u>
Plan fiduciary net position as a percentage of the total pension liability	81.33%	81.33%	81.33%
Covered payroll	\$ 1,309,991	\$ 3,841,276	\$ 5,151,267
Net pension liability as a percentage of covered payroll	35.47%	35.47%	35.47%

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

16. Pension Plans (continued)

Pension Plan B (continued)

At the end of the current fiscal year, the City and Parks and Recreation Component Unit reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Parks and Recreation Component Unit		City		Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,940	\$ (49,166)	\$ 284,254	\$ (144,169)	\$ 381,194	\$ (193,335)
Change of assumptions	11,853	0	34,755	0	46,608	0
Changes in participant fund allocation	16,997	0	1,125	(18,122)	18,122	(18,122)
Net difference between projected and actual earnings						
on pension plan investments	255,464	0	749,098	0	1,004,562	0
Contributions subsequent to the measurement date	76,206	0	223,461	0	299,667	0
Totals	<u>\$ 457,460</u>	<u>\$ (49,166)</u>	<u>\$ 1,292,693</u>	<u>\$ (162,291)</u>	<u>\$ 1,750,153</u>	<u>\$ (211,457)</u>

The \$299,667 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year	Parks and Recreation Component Unit		City		Totals	
2024	\$ 107,404	\$ 293,322	\$ 400,726			
2025	52,812	144,231	197,043			
2026	50,545	138,038	188,583			
2027	121,327	331,350	452,677			
Totals	<u>\$ 332,088</u>	<u>\$ 906,941</u>	<u>\$ 1,239,029</u>			

16. Pension Plans (continued)

Pension Plan B (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.375%
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar
Remaining amortization period	10 years

Healthy mortality rates were based on the Sex-Distinct Pri-2012 Head-County Weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the Sex-Distinct Pri-2012 Head-County Weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The mortality and economic actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study conducted during the period of November and December 2019.

16. Pension Plans (continued)

Pension Plan B (continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	6.80%
Global fixed income	5%	0.46%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

16. Pension Plans (continued)

Pension Plan B (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	1% Decrease 6.375%	Current Rate 7.375%	1% Increase 8.375%
Park and Recreation Component Unit	\$ 715,268	\$ 464,606	\$ 237,789
City	2,145,805	1,362,361	713,368
Net Pension Liability	<u>\$ 2,861,073</u>	<u>\$ 1,826,967</u>	<u>\$ 951,157</u>

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Pension expense

	Pension Plan A	Pension Plan B	Total
Service cost	\$ 3,746,586	\$ 170,259	\$ 3,916,845
Interest	12,496,286	712,399	13,208,685
Member contributions	(4,227,917)	0	(4,227,917)
Projected earnings on plan investments	(8,389,308)	(711,813)	(9,101,121)
Expensed portion of current-period differences between expected and actual experience	54,823	(64,445)	(9,622)
Expensed portion of current-period differences between actual and projected earnings on plan investments	1,852,109	452,676	2,304,785
Administrative expense	450,737	31,879	482,616
Recognition of deferred inflows and outflows as pension expense	<u>2,464,834</u>	<u>(55,374)</u>	<u>2,409,460</u>
Pension expense (income)	<u>\$ 8,448,150</u>	<u>\$ 535,581</u>	<u>\$ 8,983,731</u>

16. Pension Plans (continued)

Other Plans

In addition to the plans above, various City employees are also covered under the pension plans of the Georgia Firefighters' Pension Fund and the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

17. Deferred Compensation Plan

The City provides retirement benefits for its employees through a deferred compensation, defined contribution plan. The Plan was created under Internal Revenue Code Sections 457 and 401(a). The Plan is administered by the Nationwide, an independent third party. All employees who are considered full-time are eligible to participate in the Plan. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer the lesser of 100 percent of their annual salary or up to \$20,500 of their salary, the maximum allowable by federal law. The City does not contribute to the Plan.

Employee contributions are vested 100% at the time of contribution. Amounts held in the Plan are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the fiscal year, the City contributed \$0 to the plan based on covered salaries of \$38,344,417. Plan members made voluntary contributions of \$510,637 to the plan.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

18. Post-Employment Benefits Other Than Pensions

Plan Description. The City of Gainesville Other Postemployment Benefits Plan (the “OPEB Plan”) is a defined benefit postretirement health care and prescription drug plan. The OPEB plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer OPEB Plan administered by the Georgia Municipal Association (GMA). The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan.

The annual report and more detailed information regarding the plan can be obtained at www.gacities.com

At July 1, 2022, the date of the most recent actuarial valuation, participants consist of the following:

Retirees and beneficiaries currently receiving benefits	171
Vested terminated members entitled to but not yet receiving benefits	0
Active participants	<u>626</u>
Total number of participants	<u><u>797</u></u>

Benefits Provided. City employees become eligible after 20 years of service. Benefits valued herein are for retiree medical and prescription drug. Life insurance, vision, and dental are optional, paid in full by retirees and are not valued here. Coverage is for the retiree’s lifetime for retirees hired before 2002, but ceases at age 65 if hired after 2001; spouses have the same coverage provisions. Retirees hired before July 1, 2008, or those with 20 years of service, get a 50% City-paid Supplement. Retirees hired after June 30, 2008 with 20 years of service get a 25% City-paid Supplement, which increases up to 50% with additional service.

18. Post-Employment Benefits Other Than Pensions (continued)

Contributions. The City has not elected to advance fund the OPEB Plan, but rather maintains the OPEB Plan on a “pay-as-you-go” basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The City’s contributions for the current fiscal year totaled \$1,731,036 or 5.34% of covered employee payroll.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. At the end of the current fiscal year, the City reported a net OPEB liability of \$24,124,786. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined from actuarial valuations using data as of July 1, 2022 and measured by an actuarial valuation as of June 30, 2022. During the current fiscal year, the City recognized OPEB expense (revenue) of (\$479,728). The Governmental Activities' net OPEB liability is liquidated by the General Fund, Community Service Center Special Revenue Fund, and Fire Special Revenue Fund.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

18. Post-Employment Benefits Other Than Pensions (continued)

The components of the net OPEB liability are as follows:

	Component Units	City	Totals
Total OPEB Liability			
Service Cost	\$ 104,645	\$ 1,105,112	\$ 1,209,757
Interest	66,163	698,720	764,883
Differences between expected and actual experience	(62,069)	(655,482)	(717,551)
Change in assumptions	(902,505)	(9,531,003)	(10,433,508)
Benefit payments	(154,925)	(1,636,111)	(1,791,036)
Net change in Total Pension Liability	(948,691)	(10,018,764)	(10,967,455)
Total OPEB Liability, Balances as of June 30, 2022	2,262,208	32,830,033	35,092,241
Total OPEB Liability, Balances as of June 30, 2023	<u>\$ 1,313,517</u>	<u>\$ 22,811,269</u>	<u>\$ 24,124,786</u>
Plan fiduciary net position			
Contributions	154,926	1,636,110	1,791,036
Benefit payments	(154,926)	(1,636,110)	(1,791,036)
Net changes in fiduciary net position	0	0	0
Plan Fiduciary Net Position, Balances as of June 30, 2022	0	0	0
Plan Fiduciary Net Position, Balances as of June 30, 2023	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Employer's Net Pension Liability	<u>\$ 1,313,517</u>	<u>\$ 22,811,269</u>	<u>\$ 24,124,786</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	\$ 1,826,389	\$ 31,718,114	\$ 33,544,503
Plan net OPEB liability as a percentage of covered employee payroll	71.92%	71.92%	71.92%

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

18. Post-Employment Benefits Other Than Pensions (continued)

At the end of the current fiscal year, the City and its components units reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Component Units		City		Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 131,234	\$ (53,174)	\$ 1,740,132	\$ (579,174)	\$ 1,871,366	\$ (632,348)
Change of assumptions or other inputs	128,856	(765,872)	1,683,381	(10,235,341)	1,812,237	(11,001,213)
Contributions subsequent to the measurement date	155,462	0	2,127,124	0	2,282,586	0
Totals	\$ 415,552	\$ (819,046)	\$ 5,550,637	\$ (10,814,515)	\$ 5,966,189	\$ (11,633,561)

The \$2,282,586 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year	Component Units	City	Totals
2024	\$ (172,565)	\$ (2,281,800)	\$ (2,454,365)
2025	(33,332)	(440,748)	(474,080)
2026	(42,548)	(562,610)	(605,158)
2027	(99,254)	(1,312,418)	(1,411,672)
2028	(99,254)	(1,312,418)	(1,411,672)
Thereafter	(112,003)	(1,481,008)	(1,593,011)
Totals	\$ (558,956)	\$ (7,391,002)	\$ (7,949,958)

18. Post-Employment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	3.00% to 14.25%, including inflation
Actuarial cost method	Entry age level
Discount rate	3.54%, 2.16% in previous year
Healthcare cost trend rates	Pre-65 Medical: 7.00% trending down to 4.50% by 2032 Medicare Advantage: 4.50%. Pre-65 Prescription Drug: 7.00% trending down to 4.50% by 2032. Administrative Expenses: 13.50%, then 3.00%
Mortality rates	Healthy mortality rates were based on sex distinct Pri- 2012 head-count weighted Employee Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on sex distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for Plan A for the period July 1, 2015 to June 30, 2020 and for Plan B for the period January 1, 2015 to June 30, 2019.

18. Post-Employment Benefits Other Than Pensions (continued)

Development of Long-Term Rate. Since the City funds this plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax-exempt general obligation bonds. Specifically, the chosen rate is 3.54%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.54%) or one percentage-point higher (4.54%) than the current rate. Also, shown is the Net OPEB Liability as if it were calculated using healthcare cost trend rates that were on percentage point lower or on percentage point higher than the current healthcare trend rates:

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
Component Units	\$ 1,452,628	\$ 1,313,517	\$ 1,191,987
City	25,227,166	22,811,269	20,700,736
Net OPEB Liability	<u>\$ 26,679,794</u>	<u>\$ 24,124,786</u>	<u>\$ 21,892,723</u>

	1% Decrease in Health Care Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Component Units	\$ 1,174,295	\$ 1,313,517	\$ 1,477,804
City	20,393,472	22,811,269	25,664,397
Net OPEB Liability	<u>\$ 21,567,767</u>	<u>\$ 24,124,786</u>	<u>\$ 27,142,201</u>

OPEB Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

19. Hotel/Motel Lodging Tax

The City has levied a 8% lodging tax in accordance with OCGA 48-13-51(b). The City is required to spend an amount equal to at least 62.5% for the purpose of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the current fiscal year follows:

Lodging Tax Receipts	\$ 1,920,290	
Disbursements for tourism and visitor programs	\$ 2,350,425	122.40% of tax receipts

The City did not transfer any Hotel/Motel receipts to the General Fund during the current year.

20. Major Users/Taxpayers

The ten major taxpayers of the City for the current fiscal year represent approximately 11 percent of the current year tax levy. The ten largest taxpayers are comprised of various types of entities including manufacturing and food processing.

The ten major customers of the water and sewer system are primarily from the poultry and food processing industry. The major users represent approximately 39 percent of the water sales and sewer charges from the system in current fiscal year.

21. Joint Ventures

The City of Gainesville participates in three different task forces with various other governments throughout northeast Georgia, including Hall County, Forsyth County, Cherokee County, the Drug Enforcement Agency, and the Federal Bureau of Investigation.

The Organized Crime Drug Enforcement Task Force (OCDETF) Strike Force Group One Task Force disrupts illicit drug traffic, gathers, and reports intelligence related to drug trafficking, and conducts both undercover and traditional investigations to effectively prosecute cases in court. The Drug Enforcement Agency is responsible for the funding and reporting for the OCDETF Strike Force Group One Task Force. During the current fiscal year, the City paid \$134,194 in personnel costs for one police officer assigned to the OCDETF Strike Force Group One Task Force.

21. Joint Ventures (continued)

The Safe Streets Task Force identifies and targets for prosecution criminal enterprises affecting northeast Georgia, such as organized crime groups responsible for drug trafficking, money laundering and crimes of violence. The Federal Bureau of Investigation is responsible for the funding and reporting for the Safe Streets Task Force. During the current fiscal year, the City paid \$120,957 in personnel costs for one police officer assigned to the Safe Streets Task Force.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the current fiscal year, the city paid \$40,530 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

22. Related Organizations

The City of Gainesville Housing Authority is considered a related organization to the City of Gainesville. The City appoints members to the Authority but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Gainesville. The City received \$85,048 as payment-in-lieu-of-taxes during the current fiscal year.

23. Risk Pools

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor’s criteria for AAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool’s primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant’s shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

24. Commitments and Contingencies

Commitments

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At the end of the current fiscal year, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	<u>Restricted</u>	<u>Assigned</u>
General Fund	\$ 0	\$ 38,933
Nonmajor governmental funds	26,706	0
	<u>\$ 26,706</u>	<u>\$ 38,933</u>

24. Commitments and Contingencies (continued)

Commitments, continued

The City has active construction projects at the end of the current fiscal year. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Expansion of the water and sewer distribution system	\$ 75,736,082	\$ 56,499,286
Improvements to airport terminal	800,513	416,227
Improvements to recreational facilities	7,023,577	7,240,941
City buildings and facilities improvements	28,462,250	10,710,540
Improvements to roadways & sidewalks	1,565,807	900,816
Totals	<u>\$ 113,588,229</u>	<u>\$ 75,767,810</u>

Contingencies

The City is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The City's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

25. Tax Abatements

The City is subject to tax incentives granted by the Gainesville and Hall County Development Authority (the "Authority"), an entity created by the State of Georgia and activated by the City of Gainesville and the Board of Commissioners of Hall County, Georgia. The authority can enter into agreements with companies for industrial projects to encourage the creation of jobs and new capital investment through an "Investment Assistance Program." Each agreement, negotiated on an individual basis, provides a property tax benefit to the company through a schedule of discounted valuation that reduces the fair market value of real and personal property and requires the company to enter into a sale-leaseback transaction with the Authority. The incentives may be granted to new and existing industrial businesses meeting an established set of criteria established by the Investment Assistance Committee. In return for a property tax benefit, a company is required to commit to creating jobs and capital investment within a defined period as part of a performance and accountability agreement with the Authority that includes provisions for the company to pay back a prorated portion of the benefit if they fail to meet the performance criteria by a specified date. For the City of Gainesville's current fiscal year, the cumulative property tax not collected by the City due to abatement programs was \$372,736.

26. Subsequent Events

In July 2023, the City sold three lots formerly part of the Chattahoochee Golf Course for \$513,475 (a gain of \$483,917).

In September 2023, the City purchased property for \$385,750 for the purpose of extending the Midland Greenway from the Engine 209 Train Park to the Athens Street neighborhood.

In September 2023, the City, through Hall Area Transit, received \$272,872 from the Georgia Department of Transportation (GDOT) for the purchase of an additional transit vehicle and to make improvements to the Hall Area Transit Building.

In October of 2023, the City accepted a loan of \$200,000 with 100% principal forgiveness from the Drinking Water State Revolving Fund, administered by Georgia Environmental Finance Authority. The purpose of this loan is to comply with the US Environmental Protection Agency's Lead and Copper Rule which requires public water systems to complete an inventory of existing water service line materials by October 2024.

In October 2023, the City sold a lot in the 85 Business Park for \$3,382,725 (a gain of \$3,286,030).

In October 2023, the City received a contract for grant funds in the amount of \$2,538,760 from the Federal Aviation Administration and \$304,767 from GDOT for the rehabilitation of taxiways at the Lee Gilmer Memorial Airport.

In November 2023, the City, through its Midtown Tax Allocation District (TAD), approved TAD funding for up to \$350,000 for the construction of an office building, recreation deck, and retention pond in the Midtown TAD.

27. New Accounting Standards

The City implemented GASB Statement No. 91, *Conduit Debt*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2021. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. See Note 28 for the effect of this implementation.

The City implemented GASB Statement No. 99, *Omnibus 2022*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

28. Changes in Beginning Balances

Governmental Activities

To implement GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the City recorded an initial subscription liability and intangible right-to-use assets in the amount of \$843,562 on July 1, 2021. This adjustment restated beginning net position in the amount of \$68,600.

28. Changes in Beginning Balances (continued)

Business-type Activities

Department of Water Resources Enterprise Fund

To implement GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the City recorded an initial subscription liability and intangible right-to-use assets in the amount of \$1,112,296 on July 1, 2021. This adjustment restated beginning net position in the amount of \$53,152.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2023
(Unaudited)

	Fiscal Year End			
	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 3,746,586	\$ 3,891,771	\$ 3,831,533	\$ 3,679,859
Interest	12,496,286	11,552,275	11,215,733	10,739,335
Change of benefit terms	0	4,237,614	0	0
Differences between expected and actual experience	274,113	5,218,288	40,859	1,781,943
Changes of assumptions	0	0	0	0
Benefit payments, including refunds of employee contributions	(11,561,933)	(10,975,839)	(9,705,398)	(9,388,847)
Net change in total pension liability	4,955,052	13,924,109	5,382,727	6,812,290
Total pension liability - beginning	180,552,753	166,628,644	161,245,917	154,433,627
Total pension liability - ending (a)	\$ 185,507,805	\$ 180,552,753	\$ 166,628,644	\$ 161,245,917
Plan fiduciary net position				
Contributions - employer	\$ 4,227,917	\$ 3,851,093	\$ 3,650,796	\$ 3,593,741
Contributions - employee	4,227,917	3,851,092	3,650,796	3,650,875
Net investment income	(871,237)	(13,327,037)	33,572,789	4,685,569
Benefit payments, including refunds of employee contributions	(11,561,933)	(10,975,839)	(9,705,398)	(9,388,847)
Administrative expense	(450,737)	(400,013)	(357,352)	(313,890)
Net change in fiduciary net position	(4,428,073)	(17,000,704)	30,811,631	2,227,448
Plan fiduciary net position - beginning	121,625,673	138,626,377	107,814,746	105,587,298
Plan fiduciary net position - ending (b)	\$ 117,197,600	\$ 121,625,673	\$ 138,626,377	\$ 107,814,746
Net pension liability (asset) - ending : (a) - (b)	\$ 68,310,205	\$ 58,927,080	\$ 28,002,267	\$ 53,431,171
Plan's fiduciary net position as a percentage of the total pension liability	63.18%	67.36%	83.19%	66.86%
Covered payroll	\$ 32,029,674	\$ 29,174,939	\$ 27,657,545	\$ 27,658,144
Net pension liability as a percentage of covered payroll	213.27%	201.98%	101.25%	193.18%

Fiscal Year End						
2019	2018	2017	2016	2015	2014	
\$ 3,457,259	\$ 3,272,080	\$ 3,292,073	\$ 3,650,560	\$ 3,522,833	\$ 3,500,226	
10,187,578	9,800,092	9,366,300	9,061,392	8,576,549	8,177,872	
0	0	0	0	0	0	
3,149,640	2,438,030	1,826,638	586,393	1,827,514	636,486	
0	3,438,994	0	(246,666)	0	0	
(8,880,837)	(8,661,630)	(8,301,719)	(7,642,229)	(7,282,407)	(6,715,366)	
7,913,640	10,287,566	6,183,292	5,409,450	6,644,489	5,599,218	
146,519,987	136,232,421	130,049,129	124,639,679	117,995,190	112,395,972	
<u>\$ 154,433,627</u>	<u>\$ 146,519,987</u>	<u>\$ 136,232,421</u>	<u>\$ 130,049,129</u>	<u>\$ 124,639,679</u>	<u>\$ 117,995,190</u>	
\$ 3,459,466	\$ 3,209,624	\$ 3,079,855	\$ 3,021,182	\$ 2,862,539	\$ 2,766,404	
3,459,466	3,209,624	3,132,277	3,021,182	2,862,539	2,766,404	
8,235,138	10,757,165	11,348,553	1,794,845	2,909,159	10,171,570	
(8,880,837)	(8,661,630)	(8,301,719)	(7,642,229)	(7,282,407)	(6,715,366)	
(292,750)	(219,596)	(165,260)	(143,004)	(169,045)	(104,589)	
5,980,483	8,295,187	9,093,706	51,976	1,182,785	8,884,423	
99,606,815	91,311,628	82,217,922	82,165,946	80,983,161	72,098,738	
<u>\$ 105,587,298</u>	<u>\$ 99,606,815</u>	<u>\$ 91,311,628</u>	<u>\$ 82,217,922</u>	<u>\$ 82,165,946</u>	<u>\$ 80,983,161</u>	
<u>\$ 48,846,329</u>	<u>\$ 46,913,172</u>	<u>\$ 44,920,793</u>	<u>\$ 47,831,207</u>	<u>\$ 42,473,733</u>	<u>\$ 37,012,029</u>	
68.37%	67.98%	67.03%	63.22%	65.92%	68.63%	
\$ 26,208,076	\$ 24,315,333	\$ 23,729,379	\$ 22,887,742	\$ 21,685,902	\$ 20,957,606	
186.38%	192.94%	189.30%	208.98%	195.86%	176.60%	

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2023
(Unaudited)

	Fiscal Year End			
	2023	2022	2021	2020
Actuarially determined contribution	\$ 6,317,124	\$ 6,739,746	\$ 6,177,506	\$ 5,283,686
Contributions in relation to the actuarially determined contribution	<u>(4,227,917)</u>	<u>(3,851,093)</u>	<u>(3,650,796)</u>	<u>(3,593,741)</u>
Contribution deficiency (excess)	<u>\$ 2,089,207</u>	<u>\$ 2,888,653</u>	<u>\$ 2,526,710</u>	<u>\$ 1,689,945</u>
Covered payroll	\$ 32,029,674	\$ 29,174,939	\$ 27,657,545	\$ 27,248,632
Contributions as a percentage of covered payroll	13.20%	13.20%	13.20%	13.19%

Note: The above recommended contribution is the City's portion.

The Fund has accumulated a Georgia Minimum Funding Credit Balance, which has been used to offset any shortfall of the recommended contribution.

CITY OF GAINESVILLE, GEORGIA
PENSION TRUST FUND (PENSION PLAN A)
SCHEDULE OF INVESTMENTS RETURNS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2023
(Unaudited)

	Fiscal Year End			
	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expense	7.000%	7.000%	7.000%	7.123%

Fiscal Year End					
2019	2018	2017	2016	2015	2014
\$ 4,859,686	\$ 4,509,116	\$ 4,170,598	\$ 3,736,793	\$ 3,579,097	\$ 3,703,299
(3,459,466)	(3,209,624)	(3,079,855)	(3,021,182)	(2,862,539)	(2,766,404)
<u>\$ 1,400,220</u>	<u>\$ 1,299,492</u>	<u>\$ 1,090,743</u>	<u>\$ 715,611</u>	<u>\$ 716,558</u>	<u>\$ 936,895</u>
\$ 26,208,076	\$ 24,315,333	\$ 23,729,379	\$ 22,887,742	\$ 21,685,902	\$ 20,957,606
13.20%	13.20%	12.98%	13.20%	13.20%	13.20%

Fiscal Year End					
2019	2018	2017	2016	2015	2014
7.408%	7.353%	7.765%	7.660%	7.835%	8.065%

CITY OF GAINESVILLE, GEORGIA
GMEBS (PENSION PLAN B)
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2023
(Unaudited)

	Fiscal Year End			
	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 170,259	\$ 152,474	\$ 141,811	\$ 140,424
Interest	712,399	671,629	643,328	592,594
Differences between expected and actual experience	(257,780)	354,865	205,644	430,086
Changes of assumptions	0	0	0	233,040
Benefit payments, including refunds of employee contributions	(660,378)	(627,520)	(607,882)	(543,490)
Other changes	0	0	0	0
Net change in total pension liability	(35,500)	551,448	382,901	852,654
Total pension liability - beginning	9,819,568	9,268,120	8,885,219	8,032,565
Total pension liability - ending (a)	\$ 9,784,068	\$ 9,819,568	\$ 9,268,120	\$ 8,885,219
Plan fiduciary net position				
Contributions - employer	\$ 406,195	\$ 326,237	\$ 251,615	\$ 287,034
Net investment income	(1,551,571)	1,944,363	727,493	226,653
Benefit payments, including refunds of employee contributions	(660,378)	(627,520)	(607,882)	(543,490)
Administrative expense	(31,879)	(32,005)	(30,264)	(29,933)
Net change in plan fiduciary net position	(1,837,633)	1,611,075	340,962	(59,736)
Plan fiduciary net position - beginning	9,794,734	8,183,659	7,842,697	7,902,433
Plan fiduciary net position - ending (b)	\$ 7,957,101	\$ 9,794,734	\$ 8,183,659	\$ 7,842,697
Net pension liability (asset) - ending : (a) - (b)	\$ 1,826,967	\$ 24,834	\$ 1,084,461	\$ 1,042,522
Plan's fiduciary net position as a percentage of the total pension liability	81.33%	99.75%	88.30%	88.27%
Covered payroll	\$ 5,151,267	\$ 5,863,528	\$ 5,576,338	\$ 5,074,389
Net pension liability as a percentage of covered payroll	35.47%	0.42%	19.45%	20.54%

Note: This schedule is intended to report ten years of information; however, fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

Fiscal Year End				
2019	2018	2017	2016	2015
\$ 152,472	\$ 179,299	\$ 175,050	\$ 178,348	\$ 168,281
589,263	572,572	549,573	535,078	532,517
(168,376)	(74,578)	12,775	(102,827)	(142,791)
0	0	0	0	0
(490,307)	(469,718)	(411,541)	(435,594)	(415,541)
0	119,050	0	0	(99,394)
83,052	326,625	325,857	175,005	43,072
7,949,513	7,622,888	7,297,031	7,122,026	7,078,954
<u>\$ 8,032,565</u>	<u>\$ 7,949,513</u>	<u>\$ 7,622,888</u>	<u>\$ 7,297,031</u>	<u>\$ 7,122,026</u>
\$ 313,655	\$ 350,507	\$ 314,938	\$ 371,738	\$ 393,721
717,673	968,510	1,745,662	48,579	396,786
(490,307)	(469,718)	(411,541)	(435,594)	(415,541)
(32,702)	(33,775)	(20,454)	(23,058)	(18,652)
508,319	815,524	1,628,605	(38,335)	356,314
7,394,114	6,578,590	4,949,985	4,988,320	4,632,006
<u>\$ 7,902,433</u>	<u>\$ 7,394,114</u>	<u>\$ 6,578,590</u>	<u>\$ 4,949,985</u>	<u>\$ 4,988,320</u>
<u>\$ 130,132</u>	<u>\$ 555,399</u>	<u>\$ 1,044,298</u>	<u>\$ 2,347,046</u>	<u>\$ 2,133,706</u>
98.38%	93.01%	86.30%	67.84%	70.04%
\$ 4,330,598	\$ 4,862,847	\$ 5,080,284	\$ 4,890,737	\$ 4,779,243
3.00%	11.42%	20.56%	47.99%	44.65%

CITY OF GAINESVILLE, GEORGIA
GMEBS (PENSION PLAN B)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2023
(Unaudited)

	Fiscal Year End			
	2023	2022	2021	2020
Actuarially determined contribution	\$ 360,679	\$ 326,237	\$ 262,989	\$ 295,049
Contributions in relation to the actuarially determined contribution	<u>(357,809)</u>	<u>(320,966)</u>	<u>(241,073)</u>	<u>(321,704)</u>
Contribution deficiency (excess)	<u>\$ 2,870</u>	<u>\$ 5,271</u>	<u>\$ 21,916</u>	<u>\$ (26,655)</u>
Covered payroll	\$ 8,871,656	\$ 6,325,246	\$ 6,002,098	\$ 5,793,589
Contributions as a percentage of covered payroll	4.03%	5.07%	4.02%	5.55%

Note: This schedule is intended to report ten years of information; however, fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

Fiscal Year End				
2019	2018	2017	2016	2015
\$ 319,859	\$ 324,651	\$ 319,859	\$ 324,651	\$ 347,773
<u>(293,203)</u>	<u>(324,651)</u>	<u>(319,859)</u>	<u>(324,651)</u>	<u>(347,773)</u>
<u>\$ 26,656</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 5,602,873	\$ 5,099,054	\$ 5,179,922	\$ 5,272,975	\$ 4,845,902
5.23%	6.37%	6.17%	6.16%	7.18%

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
For the fiscal year ended June 30, 2023
(Unaudited)

	Fiscal Year End		
	2023	2022	2021
Total OPEB liability			
Service cost	\$ 1,209,757	\$ 1,164,587	\$ 1,006,649
Interest	764,883	754,602	1,025,437
Change of benefit terms	0	0	0
Differences between expected and actual experience	(717,551)	1,054,726	1,826,158
Changes in assumptions	(10,433,508)	214,625	3,012,924
Benefit payments, including refunds of member contributions	(1,791,036)	(2,141,466)	(2,216,046)
Net change in total OPEB liability	(10,967,455)	1,047,074	4,655,122
Total OPEB liability - beginning	35,092,241	34,045,167	29,390,045
Total OPEB liability - ending (a)	\$ 24,124,786	\$ 35,092,241	\$ 34,045,167
Plan fiduciary net position			
Contributions - employer	\$ 1,791,036	\$ 2,141,466	\$ 2,216,046
Benefit payments, including refunds of member contributions	(1,791,036)	(2,141,466)	(2,216,046)
Net change in plan fiduciary net position	0	0	0
Plan fiduciary net position - beginning	0	0	0
Plan fiduciary net position - ending (b)	\$ 0	\$ 0	\$ 0
Net OPEB liability (asset) - ending : (a) - (b)	\$ 24,124,786	\$ 35,092,241	\$ 34,045,167
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	\$ 33,544,503	\$ 31,447,516	\$ 30,605,855
Plan net OPEB liability as a percentage of covered employee payroll	71.92%	111.59%	111.24%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

Fiscal Year End		
2020	2019	2018
\$ 971,234	\$ 1,565,644	\$ 1,789,852
1,114,961	1,344,332	1,123,997
(568,876)	0	0
329,053	(103,835)	666,587
457,416	(9,336,059)	(3,515,374)
<u>(1,505,738)</u>	<u>(1,727,236)</u>	<u>(1,729,093)</u>
798,050	(8,257,154)	(1,664,031)
<u>28,591,995</u>	<u>36,849,149</u>	<u>38,513,180</u>
<u>\$ 29,390,045</u>	<u>\$ 28,591,995</u>	<u>\$ 36,849,149</u>
\$ 1,505,738	\$ 1,727,236	\$ 1,729,093
<u>(1,505,738)</u>	<u>(1,727,236)</u>	<u>(1,729,093)</u>
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 29,390,045</u>	<u>\$ 28,591,995</u>	<u>\$ 36,849,149</u>
0.00%	0.00%	0.00%
\$ 31,755,811	\$ 29,628,098	\$ 27,547,554
92.55%	96.50%	133.77%

Pension Trust Fund (Pension Plan A)

1. Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2024.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry Age

Amortization method = Level percent of payroll, using 2.75% annual increases

Remaining amortization period = 1-28 years (closed periods)

Asset valuation method = Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.

Net investment rate of return = 7.00%, net of pension plan investment expense, including inflation.

Inflation rate = 2.75%

Projected salary increases = Inflation plus merit increases that vary by service, ranging from 0.00% to 11.00%

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = Earliest eligibility for normal retirement, not before age 60

Pension Trust Fund (Pension Plan A), continued

2. Methods and Assumptions Used to Determine Contribution Rates (continued)

Mortality = Pre-retirement mortality rates are based on the sex-distinct RP-2014 Employee Mortality Table. Healthy annuitant mortality rates are based on the sex-distinct RP-2014 Blue Collar Healthy Annuitant Mortality Table with rates adjusted 120%, set forward two years for males only. Disabled mortality rates were based on the sex-distinct RP-2014 Disabled Retiree Mortality Table. All mortality tables are projected generationally with MP-2015 improvement scale.

3. Changes in Benefits

None to report.

4. Changes of Assumptions

None to report.

GMEBS (Pension Plan B)

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2024.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

GMEBS (Pension Plan B), continued

2. Methods and Assumptions Used to Determine Contribution Rates (continued)

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service-based merit increases

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the Sex-Distinct Pri-2012 Head-County Weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the Sex-Distinct Pri-2012 Head-County Weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

3. Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

4. Changes of Assumptions

There were no changes in assumptions in the last two fiscal years.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

OPEB Plan

1. Valuation Date

The actuarially determined contribution rates are determined as of June 30, 2022, based on the most recent valuation date, one year prior to the end of the fiscal year in which contributions are reported.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age level percent of pay

Amortization method = Open 30 years, level percent of payroll

Remaining amortization period = 30 years

Asset valuation method = Market value

Projected salary increases = 3.00% to 14.25%, including inflation

Projected payroll increases = 2.75%

Inflation = 2.75%

Funding discount rate = 2.16%

Discount rate = 3.54%

Retirement age = 65

Healthcare cost trend rates = Pre-65 Medical: 6.75% trended down to 4.50% by 2031
Medicare Advantage: 6.75% trended down to 4.50% by 2031. Pre-65 Prescription Drug: 6.75% trended down to 4.50% by 2031. Administrative Expenses: 3.00%

Mortality = Healthy mortality rates were based on sex distinct Pri-2012 head-count weighted Employee Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on sex distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

OPEB Plan, continued

3. Changes in Benefits

There were no benefit changes reflected in the last two measurement periods.

4. Changes of Assumptions

Changes reflected in the June 30, 2022 measurement:

The effective discount rate for June 30, 2022 was 3.54%. For June 30, 2021 it was 2.16%.

Healthcare and administrative costs were updated to reflect the most recent claims experience. Over 65 medical and prescription costs reflect premiums charged at Aetna, following the change in provider from Cigna.

Pre-65 medical and prescription healthcare trend was updated to reflect the most recent plan experience with a starting trend of 7.0% grading down by 0.25% per year to a 4.50% ultimate rate.

Over 65 medical and prescription healthcare trend was changed to reflect the most recent premium experience using just the ultimate 4.50% rate.

The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs. retired) from Segal's claims data warehouse.

Changes reflected in the June 30, 2021 measurement:

The effective discount rate is 2.16% for June 30, 2021. It was 2.21% at June 30, 2020.

COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

CITY OF GAINESVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue						
	Community Service Center	Hotel/Motel Tax	Economic Development	Confiscated Assets	Grants	HUD Grant	Revolving Loan
ASSETS							
Cash and cash equivalents	\$ 1,771,321	\$ 171,856	\$ 3,561,485	\$ 233,595	\$ 70,479	\$ 0	\$ 82,401
Investments	2,470,940	240,872	4,991,743	138,740	16,241	0	115,493
Receivables (net)							
Accounts	2,270	0	0	0	63,748	0	0
Intergovernmental	693,582	0	0	0	82,528	107,921	0
Taxes	0	176,669	0	0	0	0	0
Notes	0	0	0	0	0	0	149,192
Due from other funds	0	0	0	0	0	0	0
Prepaid items	0	0	0	0	0	0	0
Property held for development	0	0	196,763	0	0	0	0
Total assets	\$ 4,938,113	\$ 589,397	\$ 8,749,991	\$ 372,335	\$ 232,996	\$ 107,921	\$ 347,086
LIABILITIES							
Payables							
Accounts	\$ 78,820	\$ 0	\$ 20	\$ 840	\$ 14,219	\$ 863	\$ 0
Accrued salaries	25,609	0	0	0	0	1,414	0
Due to other funds	0	0	0	0	195,363	49,903	0
Due to others	0	0	0	134,608	0	0	0
Total liabilities	104,429	0	20	135,448	209,582	52,180	0
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue -							
Taxes	0	0	0	0	0	0	0
Fines, fees, and forfeitures	0	0	0	0	0	0	0
Notes receivable	0	0	0	0	0	0	149,192
Total deferred inflows of resources	0	0	0	0	0	0	149,192
FUND BALANCES							
Nonspendable	0	0	0	0	0	0	0
Restricted	2,084,020	0	0	236,887	19,913	55,741	197,894
Committed	0	0	0	0	3,501	0	0
Assigned	2,749,664	589,397	8,749,971	0	0	0	0
Total fund balances	4,833,684	589,397	8,749,971	236,887	23,414	55,741	197,894
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,938,113	\$ 589,397	\$ 8,749,991	\$ 372,335	\$ 232,996	\$ 107,921	\$ 347,086

Special Revenue								Total
Impact Fee	Police	Tax Allocation District	Information Technology	Opioid Settlement	Cemetery Trust	Debt Service	Grants Capital Projects	Nonmajor Governmental Funds
\$ 1,887,211	\$ 79,549	\$ 884,863	\$ 142,182	\$ 0	\$ 255,670	\$ 1,177,575	\$ 230,627	\$ 10,548,814
2,645,095	111,495	1,240,215	199,280	0	358,344	1,650,477	323,244	14,502,179
0	0	0	0	461,688	0	0	0	527,706
0	251	785,649	0	0	0	0	0	1,669,931
0	0	0	0	0	0	55,467	0	232,136
0	0	0	0	0	0	0	0	149,192
0	0	0	0	0	0	1,171,169	0	1,171,169
0	0	0	0	0	0	3,584	0	3,584
0	0	0	0	0	0	0	0	196,763
<u>\$ 4,532,306</u>	<u>\$ 191,295</u>	<u>\$ 2,910,727</u>	<u>\$ 341,462</u>	<u>\$ 461,688</u>	<u>\$ 614,014</u>	<u>\$ 4,058,272</u>	<u>\$ 553,871</u>	<u>\$ 29,001,474</u>
\$ 0	\$ 11,148	\$ 0	\$ 276	\$ 0	\$ 0	\$ 0	\$ 0	\$ 106,186
0	44,257	0	0	0	0	0	0	71,280
1,167	0	1,171,169	0	6,920	0	0	0	1,424,522
0	0	0	0	0	0	0	0	134,608
<u>1,167</u>	<u>55,405</u>	<u>1,171,169</u>	<u>276</u>	<u>6,920</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,736,596</u>
0	0	0	0	0	0	51,883	0	51,883
0	0	0	0	454,768	0	0	0	454,768
0	0	0	0	0	0	0	0	149,192
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>454,768</u>	<u>0</u>	<u>51,883</u>	<u>0</u>	<u>655,843</u>
0	0	0	0	0	0	3,584	0	3,584
4,531,139	0	1,739,558	341,186	0	0	1,313,785	35,047	10,555,170
0	0	0	0	0	614,014	0	0	617,515
0	135,890	0	0	0	0	2,689,020	518,824	15,432,766
<u>4,531,139</u>	<u>135,890</u>	<u>1,739,558</u>	<u>341,186</u>	<u>0</u>	<u>614,014</u>	<u>4,006,389</u>	<u>553,871</u>	<u>26,609,035</u>
<u>\$ 4,532,306</u>	<u>\$ 191,295</u>	<u>\$ 2,910,727</u>	<u>\$ 341,462</u>	<u>\$ 461,688</u>	<u>\$ 614,014</u>	<u>\$ 4,058,272</u>	<u>\$ 553,871</u>	<u>\$ 29,001,474</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2023

	Special Revenue						Revolving Loan
	Community Service Center	Hotel/Motel Tax	Economic Development	Confiscated Assets	Grants	HUD Grant	
REVENUES							
Taxes	\$ 0	\$ 1,920,290	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	0	63,070	0	0	0
Charges for services	244,316	0	0	0	0	0	24,078
Intergovernmental	3,776,440	0	0	0	207,233	494,236	0
Investment	42,276	13,019	74,518	3,438	0	0	2,592
Contributions	159,702	0	0	0	134,619	0	0
Other	83,615	0	0	0	0	0	0
Total revenues	4,306,349	1,933,309	74,518	66,508	341,852	494,236	26,670
EXPENDITURES							
Current							
General Government	0	0	0	0	1,124	0	0
Public Safety	0	0	0	123,889	329,649	0	0
Public Works	0	0	0	0	20,400	0	0
Health and Welfare	4,102,618	0	0	0	0	0	0
Culture and Recreation	0	0	0	0	28,000	0	0
Housing and Development	0	1,939,655	72,104	0	39,997	491,328	7,300
Debt service:							
Principal	0	0	0	0	0	0	0
Interest and fiscal charges	0	0	0	0	0	0	0
Total expenditures	4,102,618	1,939,655	72,104	123,889	419,170	491,328	7,300
Excess (deficiency) of revenues over (under) expenditures	203,731	(6,346)	2,414	(57,381)	(77,318)	2,908	19,370
Other financing sources (uses)							
Transfers in	693,991	0	3,598,000	0	77,318	0	0
Transfers out	0	(410,770)	(5,500,000)	0	0	0	0
Sale of capital assets	2,575	0	0	0	0	0	0
Total other financing sources (uses)	696,566	(410,770)	(1,902,000)	0	77,318	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	900,297	(417,116)	(1,899,586)	(57,381)	0	2,908	19,370
Fund balances, July 1	3,933,387	1,006,513	10,649,557	294,268	23,414	52,833	178,524
Fund balances, June 30	\$ 4,833,684	\$ 589,397	\$ 8,749,971	\$ 236,887	\$ 23,414	\$ 55,741	\$ 197,894

Special Revenue								Total
Impact		Tax	Information	Opioid	Cemetery	Debt	Grants	Nonmajor
Fee	Police	Allocation	Technology	Settlement	Trust	Service	Capital Projects	Governmental
		District						Funds
\$ 0	\$ 15,442	\$ 399,514	\$ 0	\$ 0	\$ 0	\$ 3,495,239	\$ 0	\$ 5,830,485
0	0	0	40,082	111,920	0	0	0	215,072
1,910,088	0	960,353	0	0	99,407	0	0	3,238,242
0	0	0	0	0	0	0	806,167	5,284,076
72,750	0	(8,792)	4,066	0	7,388	1,021,272	0	1,232,527
0	0	0	0	0	0	0	0	294,321
0	0	0	0	0	0	32	0	83,647
<u>1,982,838</u>	<u>15,442</u>	<u>1,351,075</u>	<u>44,148</u>	<u>111,920</u>	<u>106,795</u>	<u>4,516,543</u>	<u>806,167</u>	<u>16,178,370</u>
0	0	0	0	0	0	0	0	1,124
0	5,295,728	0	10,618	0	0	0	0	5,759,884
0	0	0	0	0	0	0	0	20,400
0	0	0	0	0	0	0	0	4,102,618
1,130,000	0	0	0	0	0	0	0	1,158,000
0	0	411,089	0	0	0	0	0	2,961,473
0	0	0	0	0	0	2,745,995	0	2,745,995
0	0	0	0	0	0	1,448,820	0	1,448,820
<u>1,130,000</u>	<u>5,295,728</u>	<u>411,089</u>	<u>10,618</u>	<u>0</u>	<u>0</u>	<u>4,194,815</u>	<u>0</u>	<u>18,198,314</u>
<u>852,838</u>	<u>(5,280,286)</u>	<u>939,986</u>	<u>33,530</u>	<u>111,920</u>	<u>106,795</u>	<u>321,728</u>	<u>806,167</u>	<u>(2,019,944)</u>
0	5,257,033	0	0	0	0	806,024	0	10,432,366
(800,146)	0	(172,604)	0	(111,920)	(30,000)	0	(806,167)	(7,831,607)
0	0	0	0	0	0	0	0	2,575
<u>(800,146)</u>	<u>5,257,033</u>	<u>(172,604)</u>	<u>0</u>	<u>(111,920)</u>	<u>(30,000)</u>	<u>806,024</u>	<u>(806,167)</u>	<u>2,603,334</u>
52,692	(23,253)	767,382	33,530	0	76,795	1,127,752	0	583,390
<u>4,478,447</u>	<u>159,143</u>	<u>972,176</u>	<u>307,656</u>	<u>0</u>	<u>537,219</u>	<u>2,878,637</u>	<u>553,871</u>	<u>26,025,645</u>
<u>\$ 4,531,139</u>	<u>\$ 135,890</u>	<u>\$ 1,739,558</u>	<u>\$ 341,186</u>	<u>\$ 0</u>	<u>\$ 614,014</u>	<u>\$ 4,006,389</u>	<u>\$ 553,871</u>	<u>\$ 26,609,035</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2023

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 760,856	\$ 1,275,980	\$ 422,665	\$ 2,459,501
Investments	1,066,407	1,788,119	590,370	3,444,896
Receivables				
Accounts (net)	23,935	232,677	78,936	335,548
Intergovernmental	3,499,892	0	0	3,499,892
Lease	589,301	0	0	589,301
Other	0	0	2,884	2,884
	<u>5,940,391</u>	<u>3,296,776</u>	<u>1,094,855</u>	<u>10,332,022</u>
Noncurrent assets				
Lease receivable	3,178,018	0	0	3,178,018
Property held for development	0	0	39,709	39,709
Capital assets				
Non-depreciable	5,000,797	0	50,393	5,051,190
Depreciable/amortizable (net)	7,412,813	2,113,353	3,485,604	13,011,770
	<u>15,591,628</u>	<u>2,113,353</u>	<u>3,575,706</u>	<u>21,280,687</u>
Total assets	<u>21,532,019</u>	<u>5,410,129</u>	<u>4,670,561</u>	<u>31,612,709</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	0	0	10,707	10,707
Deferred outflows related to pensions	33,137	340,498	79,044	452,679
Deferred outflows related to other post employment benefits	9,572	222,607	45,574	277,753
	<u>42,709</u>	<u>563,105</u>	<u>135,325</u>	<u>741,139</u>
Total deferred outflows of resources	<u>42,709</u>	<u>563,105</u>	<u>135,325</u>	<u>741,139</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	3,389,033	30,708	51,722	3,471,463
Intergovernmental	0	136,891	0	136,891
Deposits	48,280	0	0	48,280
Sales tax	0	0	16,324	16,324
Interest	0	25,019	3,341	28,360
Retainage	353,022	0	0	353,022
Accrued salaries	1,266	20,218	11,794	33,278
Compensated absences	8,335	48,267	40,070	96,672
Lease payable	0	0	38,042	38,042
Contracts payable	0	0	290,000	290,000
Notes payable	0	754,500	0	754,500
Other liabilities	0	0	61,150	61,150
	<u>3,799,936</u>	<u>1,015,603</u>	<u>512,443</u>	<u>5,327,982</u>
Total current liabilities	<u>3,799,936</u>	<u>1,015,603</u>	<u>512,443</u>	<u>5,327,982</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2023

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Noncurrent liabilities				
Compensated absences	\$ 926	\$ 5,363	\$ 4,452	\$ 10,741
Net pension liability	144,081	711,143	83,379	938,603
Net OPEB liability	41,336	910,234	179,329	1,130,899
Lease payable	0	0	88,217	88,217
Contracts payable	0	0	595,000	595,000
Notes payable	0	159,188	0	159,188
Total noncurrent liabilities	<u>186,343</u>	<u>1,785,928</u>	<u>950,377</u>	<u>2,922,648</u>
Total liabilities	<u>3,986,279</u>	<u>2,801,531</u>	<u>1,462,820</u>	<u>8,250,630</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,486	66,351	9,456	77,293
Deferred inflows related to other post employment benefits	16,833	407,753	101,014	525,600
Deferred inflows related to leases	<u>3,721,051</u>	<u>0</u>	<u>0</u>	<u>3,721,051</u>
Total deferred inflows of resources	<u>3,739,370</u>	<u>474,104</u>	<u>110,470</u>	<u>4,323,944</u>
NET POSITION				
Net investment in capital assets	8,717,126	1,199,665	2,535,445	12,452,236
Restricted for capital outlay	0	0	63,441	63,441
Unrestricted	<u>5,131,953</u>	<u>1,497,934</u>	<u>633,710</u>	<u>7,263,597</u>
Total net position	<u>\$ 13,849,079</u>	<u>\$ 2,697,599</u>	<u>\$ 3,232,596</u>	<u>\$ 19,779,274</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2023

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for sales and services	\$ 1,026,308	\$ 3,197,533	\$ 1,710,966	\$ 5,934,807
Other	0	16,111	23,285	39,396
Total operating revenues	<u>1,026,308</u>	<u>3,213,644</u>	<u>1,734,251</u>	<u>5,974,203</u>
OPERATING EXPENSES				
Costs of sales and services	448,139	1,404,638	501,999	2,354,776
Personal services	91,423	1,612,872	766,173	2,470,468
Depreciation	650,594	600,473	540,366	1,791,433
Total operating expenses	<u>1,190,156</u>	<u>3,617,983</u>	<u>1,808,538</u>	<u>6,616,677</u>
Operating income (loss)	<u>(163,848)</u>	<u>(404,339)</u>	<u>(74,287)</u>	<u>(642,474)</u>
Non-operating revenues (expenses)				
Investment revenue	25,955	40,521	17,063	83,539
Interest expense	0	(43,395)	(37,345)	(80,740)
Intergovernmental revenue	3,490,742	0	0	3,490,742
Gain on sale of property held for development	0	0	403,306	403,306
Gain (loss) on sale of capital assets	0	0	3,889	3,889
Total non-operating revenues (expenses)	<u>3,516,697</u>	<u>(2,874)</u>	<u>386,913</u>	<u>3,900,736</u>
Income (loss) before transfers	<u>3,352,849</u>	<u>(407,213)</u>	<u>312,626</u>	<u>3,258,262</u>
Transfers in (out)				
Transfers in	0	0	31,250	31,250
Transfers out	0	(3,630)	0	(3,630)
Total transfers in (out)	<u>0</u>	<u>(3,630)</u>	<u>31,250</u>	<u>27,620</u>
Change in net position	<u>3,352,849</u>	<u>(410,843)</u>	<u>343,876</u>	<u>3,285,882</u>
Net position, July 1	<u>10,496,230</u>	<u>3,108,442</u>	<u>2,888,720</u>	<u>16,493,392</u>
Net position, June 30	<u>\$ 13,849,079</u>	<u>\$ 2,697,599</u>	<u>\$ 3,232,596</u>	<u>\$ 19,779,274</u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2023

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers	\$ 1,053,103	\$ 3,183,866	\$ 1,668,843	\$ 5,905,812
Payments to suppliers	(420,397)	(1,327,615)	(483,269)	(2,231,281)
Payments to employees	(92,721)	(1,705,533)	(803,510)	(2,601,764)
Other receipts	(462)	16,111	23,285	38,934
	<u>539,523</u>	<u>166,829</u>	<u>405,349</u>	<u>1,111,701</u>
Net cash provided (used) by operating activities				
Cash flows from non-capital financing activities:				
Receipts from other governments	<u>0</u>	<u>(3,630)</u>	<u>31,250</u>	<u>27,620</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	0	0	3,889	3,889
Interest paid	0	(50,161)	(32,784)	(82,945)
Acquisition of capital assets	(434,008)	(35,381)	(1,309)	(470,698)
Payment of capital related accounts payable	0	0	(16,486)	(16,486)
Principal payments - contracts payable	0	0	(280,000)	(280,000)
Principal payments - leases payable	0	0	(36,450)	(36,450)
Principal payments - notes payable	<u>0</u>	<u>(285,649)</u>	<u>0</u>	<u>(285,649)</u>
Net cash provided (used) by capital and related financing activities	<u>(434,008)</u>	<u>(371,191)</u>	<u>(363,140)</u>	<u>(1,168,339)</u>
Cash flows from investing activities:				
Receipts of investment revenue	39,021	64,435	16,031	119,487
Proceeds from sale of property held for development	0	0	851,183	851,183
Purchase of investments	(402,862)	(427,705)	(778,723)	(1,609,290)
Proceeds from sale of investments	<u>422,409</u>	<u>709,882</u>	<u>234,672</u>	<u>1,366,963</u>
Net cash provided (used) by investing activities	<u>58,568</u>	<u>346,612</u>	<u>323,163</u>	<u>728,343</u>
Net increase (decrease) in cash and cash equivalents	164,083	138,620	396,622	699,325
Cash and cash equivalents, July 1	<u>596,773</u>	<u>1,137,360</u>	<u>26,043</u>	<u>1,760,176</u>
Cash and cash equivalents, June 30	<u><u>\$ 760,856</u></u>	<u><u>\$ 1,275,980</u></u>	<u><u>\$ 422,665</u></u>	<u><u>\$ 2,459,501</u></u>

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2023

	<u>Airport</u>	<u>Solid Waste</u>	<u>Chattahoochee Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (163,848)	\$ (404,339)	\$ (74,287)	\$ (642,474)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	650,594	600,473	540,366	1,791,433
(Increase) decrease in accounts receivable	(12,090)	(13,667)	(44,153)	(69,910)
(Increase) decrease in leases receivable	(126,683)	0	0	(126,683)
(Increase) decrease in deferred outflows of resources	(9,763)	(123,461)	(26,310)	(159,534)
Increase (decrease) in accounts payable	27,742	(9,773)	10,369	28,338
Increase (decrease) in intergovernmental payable	0	86,796	0	86,796
Increase (decrease) in sales tax payable	0	0	2,030	2,030
Increase (decrease) in accrued salaries and benefits	(2,055)	(27,797)	(14,378)	(44,230)
Increase (decrease) in other liabilities	0	0	8,361	8,361
Increase (decrease) in net pension liability	18,792	340,135	82,202	441,129
Increase (decrease) in deferred inflows of resources	171,209	92,189	21,767	285,165
Increase (decrease) in net OPEB liability	(14,375)	(373,727)	(100,618)	(488,720)
Total adjustments	<u>703,371</u>	<u>571,168</u>	<u>479,636</u>	<u>1,754,175</u>
Net cash provided (used) by operating activities	<u>\$ 539,523</u>	<u>\$ 166,829</u>	<u>\$ 405,349</u>	<u>\$ 1,111,701</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$3,343,462.

Acquisition of capital assets through retainage payable totaled \$353,022.

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2023

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 730,633	\$ 1,309,424	\$ 133,672	\$ 2,173,729
Investments	1,024,047	1,835,276	186,929	3,046,252
Receivables				
Accounts	7,275	176,645	0	183,920
Intergovernmental	0	0	9,812	9,812
Inventory	0	0	117,944	117,944
Prepays	0	13,000	0	13,000
Other assets	121,153	0	0	121,153
Total current assets	1,883,108	3,334,345	448,357	5,665,810
Noncurrent assets				
Depreciable capital assets (net)	0	0	62,963	62,963
Total assets	1,883,108	3,334,345	511,320	5,728,773
LIABILITIES				
Current liabilities				
Payables				
Accounts	7,244	422,791	64,728	494,763
Deposits	0	198,935	0	198,935
Accrued salaries	0	0	6,744	6,744
Compensated absences	0	0	30,170	30,170
Claims reserves	1,166,640	592,412	0	1,759,052
Total current liabilities	1,173,884	1,214,138	101,642	2,489,664
Noncurrent liabilities				
Compensated absences	0	0	3,352	3,352
Total liabilities	1,173,884	1,214,138	104,994	2,493,016
NET POSITION				
Investment in capital assets	0	0	62,963	62,963
Unrestricted	709,224	2,120,207	343,363	3,172,794
Total net position	\$ 709,224	\$ 2,120,207	\$ 406,326	\$ 3,235,757

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2023

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
OPERATING REVENUES				
Interfund services provided	\$ 1,697,349	\$ 11,396,951	\$ 2,717,489	\$ 15,811,789
Other	420,685	0	0	420,685
Total operating revenues	2,118,034	11,396,951	2,717,489	16,232,474
OPERATING EXPENSES				
Costs of services	1,854,955	12,007,984	2,196,665	16,059,604
Personal services	0	0	489,771	489,771
Depreciation	0	0	31,053	31,053
Total operating expenses	1,854,955	12,007,984	2,717,489	16,580,428
Operating income (loss)	263,079	(611,033)	0	(347,954)
Non-operating revenues (expenses)				
Investment revenue	23,741	28,265	0	52,006
Net income (loss) before transfers	286,820	(582,768)	0	(295,948)
Transfers in (out)				
Transfers out	(263,078)	0	0	(263,078)
Change in net position	23,742	(582,768)	0	(559,026)
Net position, July 1	685,482	2,702,975	406,326	3,794,783
Net position, June 30	\$ 709,224	\$ 2,120,207	\$ 406,326	\$ 3,235,757

CITY OF GAINESVILLE, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2023

	General Insurance Fund	Employee Benefits Fund	Vehicle Services Fund	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,691,834	\$ 11,222,120	\$ 2,753,924	\$ 15,667,878
Payments to suppliers	(1,897,777)	(11,642,026)	(2,292,111)	(15,831,914)
Payments to employees	0	0	(497,608)	(497,608)
Other receipts	420,685	0	0	420,685
Net cash provided (used) by operating activities	<u>214,742</u>	<u>(419,906)</u>	<u>(35,795)</u>	<u>(240,959)</u>
Cash flows from non-capital financing activities:				
Payments to other funds	<u>(263,078)</u>	<u>0</u>	<u>0</u>	<u>(263,078)</u>
Cash flows from investing activities:				
Receipts of investment revenue	32,236	54,055	0	86,291
Proceeds from sale of investments	404,809	686,414	76,268	1,167,491
Purchase of investments	<u>(284,226)</u>	<u>(255,624)</u>	<u>(32,415)</u>	<u>(572,265)</u>
Net cash provided (used) by investing activities	<u>152,819</u>	<u>484,845</u>	<u>43,853</u>	<u>681,517</u>
Net increase (decrease) in cash and cash equivalents	104,483	64,939	8,058	177,480
Cash and cash equivalents, July 1	<u>626,150</u>	<u>1,244,485</u>	<u>125,614</u>	<u>1,996,249</u>
Cash and cash equivalents, June 30	<u><u>\$ 730,633</u></u>	<u><u>\$ 1,309,424</u></u>	<u><u>\$ 133,672</u></u>	<u><u>\$ 2,173,729</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>\$ 263,079</u>	<u>\$ (611,033)</u>	<u>\$ 0</u>	<u>\$ (347,954)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	0	0	31,053	31,053
(Increase) decrease in accounts receivable	(5,515)	(174,831)	0	(180,346)
(Increase) decrease in intergovernmental receivables	0	0	36,435	36,435
(Increase) decrease in inventory	0	0	7,008	7,008
(Increase) decrease in other assets	(21,478)	0	0	(21,478)
Increase (decrease) in accounts payable	5,484	332,553	(102,454)	235,583
Increase (decrease) in deposits payable	0	16,931	0	16,931
Increase (decrease) in accrued salaries and benefits	0	0	(7,837)	(7,837)
Increase (decrease) in claims reserve	<u>(26,828)</u>	<u>16,474</u>	<u>0</u>	<u>(10,354)</u>
Total adjustments	<u>(48,337)</u>	<u>191,127</u>	<u>(35,795)</u>	<u>106,995</u>
Net cash provided (used) by operating activities	<u><u>\$ 214,742</u></u>	<u><u>\$ (419,906)</u></u>	<u><u>\$ (35,795)</u></u>	<u><u>\$ (240,959)</u></u>



GAINESVILLE

GENERAL FUND

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

The General Fund is presented as a major fund in the basic financial statements.

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 7,005,026	\$ 7,983,467
Investments	9,763,699	14,549,812
Receivables (net)		
Accounts	232,961	138,447
Intergovernmental	135,335	147,904
Taxes	1,789,181	1,489,614
Lease	1,359,996	1,098,348
Prepaid items	116	1,622
Due from other funds	623,338	565,348
	<u>20,909,652</u>	<u>25,974,562</u>
Total assets	<u>\$ 20,909,652</u>	<u>\$ 25,974,562</u>
LIABILITIES		
Payables		
Accounts	\$ 368,506	\$ 396,923
Intergovernmental	97,261	49,315
Due to others	90,758	76,180
Accrued salaries	211,850	575,206
Unearned revenue	1,544	400
	<u>769,919</u>	<u>1,098,024</u>
Total liabilities	<u>769,919</u>	<u>1,098,024</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	17,202	24,467
Leases	1,372,240	1,086,896
	<u>1,389,442</u>	<u>1,111,363</u>
Total deferred inflows of resources	<u>1,389,442</u>	<u>1,111,363</u>
FUND BALANCES		
Nonspendable:		
Prepaid items	116	1,622
Leases	0	11,452
Committed for Housing and Development	50,008	30,850
Assigned for:		
Public Works	181,648	172,814
Budget	4,716,722	4,590,150
Unassigned	13,801,797	18,958,287
	<u>18,750,291</u>	<u>23,765,175</u>
Total fund balances	<u>18,750,291</u>	<u>23,765,175</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,909,652</u>	<u>\$ 25,974,562</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2023 and 2022

	2023	2022
REVENUES		
Taxes	\$ 25,682,553	\$ 21,712,587
Licenses and permits	1,683,250	1,558,221
Fines, fees and forfeitures	1,150,228	1,308,434
Charges for services	3,241,552	3,089,266
Intergovernmental	448,976	354,570
Investment	820,324	(909,749)
Contributions	22,158	0
Other	622,792	375,460
Total revenues	33,671,833	27,488,789
EXPENDITURES		
Current		
General Government	6,600,717	5,794,452
Judicial	662,769	604,469
Public Safety	6,681,868	5,923,610
Public Works	5,683,984	5,401,454
Health and Welfare	20,000	15,000
Housing and Development	2,331,026	2,190,942
Total expenditures	21,980,364	19,929,927
Excess (deficiency) of revenues over (under) expenditures	11,691,469	7,558,862
Other financing sources (uses)		
Transfers in (out)		
Community Service Center Fund	(693,991)	(703,749)
Tax Allocation District Fund	71,041	0
Grants Special Revenue Fund	(71,765)	(70,767)
Fire Fund	(1,877,020)	(2,111,870)
Impact Fee Fund	60,146	124,508
Police Service Fund	(5,216,189)	(4,771,306)
American Rescue Plan Act Fund	2,427,753	5,128,469
Opioid Settlement Fund	111,920	0
SPLOST Capital Projects Fund	(2,190,000)	(550,000)
General Government Capital Projects Fund	(11,701,292)	(3,593,671)
Debt Service Fund	(3,598,000)	0
Department of Water Resources Fund	2,075,977	3,376,797
Chattahoochee Golf Course Fund	(31,250)	(40,360)
General Insurance Internal Service Fund	7,275	18,723
Sales of capital assets	3,645,734	709,054
Proceeds from long-term debt	273,308	121,272
Total other financing sources (uses)	(16,706,353)	(2,362,900)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(5,014,884)	5,195,962
Fund balances, July 1	23,765,175	18,569,213
Fund balances, June 30	\$ 18,750,291	\$ 23,765,175

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current year levy	\$ 8,550	\$ 0	\$ (8,550)	\$ 0
Prior years' levies	26,052	21,554	(4,498)	44,705
Motor vehicle/TAVT tax	1,229,183	2,091,317	862,134	1,901,977
Cost, penalties, and interest	22,974	53,892	30,918	48,540
Total general property taxes	1,286,759	2,166,763	880,004	1,995,222
Intangibles tax	179,964	280,719	100,755	378,474
Franchise tax	4,121,279	5,389,998	1,268,719	4,704,915
Insurance premium tax	3,246,271	3,557,708	311,437	2,823,726
Occupational tax	1,353,514	1,474,759	121,245	1,451,302
Alcohol tax	1,140,237	1,444,683	304,446	1,368,292
Local option sales tax	7,176,394	11,367,923	4,191,529	8,990,656
Total taxes	18,504,418	25,682,553	7,178,135	21,712,587
Licenses and permits	910,719	1,683,250	772,531	1,558,221
Fines, fees and forfeitures	955,295	1,150,228	194,933	1,308,434
Charges for services	3,164,364	3,241,552	77,188	3,089,266
Intergovernmental	331,499	448,976	117,477	354,570
Investment	(112,617)	820,324	932,941	(909,749)
Contributions	0	22,158	22,158	0
Other				
Rents	135,230	104,961	(30,269)	129,269
Miscellaneous	52,473	517,831	465,358	246,191
Total other	187,703	622,792	435,089	375,460
Total revenues	<u>\$ 23,941,381</u>	<u>\$ 33,671,833</u>	<u>\$ 9,730,452</u>	<u>\$ 27,488,789</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 307,902	\$ 268,694	\$ 39,208	\$ 252,434
Other	960,330	139,526	820,804	165,385
Total Mayor and Council	<u>1,268,232</u>	<u>408,220</u>	<u>860,012</u>	<u>417,819</u>
City Manager's Office				
Personal services	833,352	842,040	(8,688)	736,148
Other	205,952	208,694	(2,742)	181,529
Total City Manager's Office	<u>1,039,304</u>	<u>1,050,734</u>	<u>(11,430)</u>	<u>917,677</u>
Finance				
Personal services	1,271,242	1,289,069	(17,827)	1,200,885
Other	260,726	217,857	42,869	256,420
Total Finance	<u>1,531,968</u>	<u>1,506,926</u>	<u>25,042</u>	<u>1,457,305</u>
Information Technologies				
Personal services	963,586	877,074	86,512	745,840
Other	496,707	576,443	(79,736)	409,416
Total Information Technologies	<u>1,460,293</u>	<u>1,453,517</u>	<u>6,776</u>	<u>1,155,256</u>
Human Resources				
Personal services	857,848	853,363	4,485	696,326
Other	311,403	289,070	22,333	241,612
Total Human Resources	<u>1,169,251</u>	<u>1,142,433</u>	<u>26,818</u>	<u>937,938</u>
Public Lands and Buildings				
Personal services	512,971	511,242	1,729	425,296
Other	605,324	527,645	77,679	483,161
Total Public Lands and Buildings	<u>1,118,295</u>	<u>1,038,887</u>	<u>79,408</u>	<u>908,457</u>
Total General Government	<u>7,587,343</u>	<u>6,600,717</u>	<u>986,626</u>	<u>5,794,452</u>
Judicial				
Municipal Court				
Personal services	586,177	555,727	30,450	516,806
Other	114,121	107,042	7,079	87,663
Total Judicial	<u>700,298</u>	<u>662,769</u>	<u>37,529</u>	<u>604,469</u>
Public Safety				
Police				
Personal services	5,829,241	5,661,319	167,922	4,997,897
Other	883,545	1,020,549	(137,004)	925,713
Total Police	<u>6,712,786</u>	<u>6,681,868</u>	<u>30,918</u>	<u>5,923,610</u>
Total Public Safety	<u>6,712,786</u>	<u>6,681,868</u>	<u>30,918</u>	<u>5,923,610</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
Public Works				
Engineering				
Personal services	\$ 1,251,295	\$ 1,264,976	\$ (13,681)	\$ 1,003,525
Other	117,267	105,685	11,582	89,905
Total Engineering	1,368,562	1,370,661	(2,099)	1,093,430
Traffic				
Personal services	551,547	554,271	(2,724)	514,920
Other	1,067,511	992,036	75,475	970,765
Total Traffic	1,619,058	1,546,307	72,751	1,485,685
Street Maintenance				
Personal services	1,511,179	1,300,979	210,200	1,268,513
Other	646,341	593,447	52,894	554,642
Total Street Maintenance	2,157,520	1,894,426	263,094	1,823,155
Storm Water				
Personal services	368,595	64,934	303,661	289,650
Other	95,149	75,035	20,114	58,064
Total Storm Water	463,744	139,969	323,775	347,714
Cemetery				
Personal services	511,289	500,191	11,098	457,981
Other	266,743	232,430	34,313	193,489
Total Cemetery	778,032	732,621	45,411	651,470
Total Public Works	6,386,916	5,683,984	702,932	5,401,454
Health and Welfare				
Payments to other agencies	20,000	20,000	0	15,000
Housing and Development				
Planning				
Personal services	833,208	847,759	(14,551)	781,219
Other	140,337	125,821	14,516	125,906
Total Planning	973,545	973,580	(35)	907,125
Inspection				
Personal services	449,656	421,870	27,786	428,582
Other	78,596	57,638	20,958	62,634
Total Inspection	528,252	479,508	48,744	491,216
Code Enforcement				
Personal services	439,509	445,734	(6,225)	384,289
Other	123,954	123,719	235	100,657
Total Code Enforcement	563,463	569,453	(5,990)	484,946
Economic Development				
Payments to other agencies	308,577	308,485	92	307,655
Total Housing and Development	2,373,837	2,331,026	42,811	2,190,942
Total expenditures	\$ 23,781,180	\$ 21,980,364	\$ 1,800,816	\$ 19,929,927

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Community Service Center Fund - *This fund is used to account for local, state and federal grant revenues legally restricted for community service projects.*

Economic Development Fund - *This fund is used to account for activities of economic development.*

Hotel/Motel Tax Fund - *This fund is used to collect Hotel/Motel taxes which are used to help support tourism.*

American Rescue Plan Grant Fund – *This fund is used to account for all revenues and expenditures related to the American Rescue Plan Act grant.*

The American Rescue Plan Grant Fund is presented as a major fund in the basic financial statements.

Confiscated Assets Fund - *This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of assets acquired from a drug raid.*

Grants Fund - *This fund is used to account for all grants used to finance general government operations.*

HUD Grant Fund - *This fund is used to account for activities connected with the US Department of Housing and Urban Development Community Development Block Grant/ Entitlement Grant. The objective of the grant is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.*

Revolving Loan Fund - *This fund is used to record activities connected with notes receivable for loans made with monies recorded in the HUD Grant Fund. As funds are accumulated, loans will be made for the development of the City of Gainesville's urban community using the criteria established by the US Department of Housing and Urban Development Community Development Block Grant/ Entitlement Grant.*

Impact Fee Fund - *This fund is used to account for activities connected with impact fees, whereby new development assists in covering the additional cost of providing public safety and recreational services needed as a result of growth.*

Tax Allocation District Fund - *This fund is used to account for ad valorem property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within these areas.*

Information Technology Fund - *This fund is used to account for the fee collected through the Municipal Court, as authorized by City ordinance, for the purpose of improving/enhancing information technology in the Police Department, Municipal Court, and Code Enforcement.*

Cemetery Trust Fund - *This fund is used to account for activities connected with the receipt and disbursements of funds restricted for support of the activities of the City cemetery.*

Fire Fund – *This fund is used to account for ad valorem property tax collections derived from the City's special tax district for Fire Services and the costs associated with the operation of the City's Fire Department.*

The Fire Fund is presented as a major fund in the basic financial statements.

Police Fund – *This fund is used to account for ad valorem property tax collections derived from the City's special tax district for Police Services and the costs associated with the operation of the City's Police Department.*

Opioid Settlement Fund – *This fund is used to account for the City's share of opioid settlement payment funds that are restricted for opioid remediation efforts.*

CITY OF GAINESVILLE, GEORGIA
COMMUNITY SERVICE CENTER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,771,321	\$ 1,307,909
Investments	2,470,940	2,403,192
Receivables		
Accounts	2,270	1,161
Intergovernmental	693,582	393,332
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 4,938,113</u></u>	<u><u>\$ 4,105,594</u></u>
LIABILITIES		
Accounts payable	\$ 78,820	\$ 102,709
Accrued salaries	25,609	69,498
	<u> </u>	<u> </u>
Total liabilities	<u>104,429</u>	<u>172,207</u>
FUND BALANCES		
Restricted for Health and Welfare	2,084,020	1,473,052
Assigned for Health and Welfare	2,749,664	2,460,335
	<u> </u>	<u> </u>
Total fund balances	<u>4,833,684</u>	<u>3,933,387</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u><u>\$ 4,938,113</u></u>	<u><u>\$ 4,105,594</u></u>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY SERVICE CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 194,600	\$ 244,316	\$ 49,716	\$ 183,916
Intergovernmental	3,844,866	3,776,440	(68,426)	2,313,177
Investment	15,000	42,276	27,276	(80,389)
Contributions	170,100	159,702	(10,398)	108,040
Other	82,870	83,615	745	70,146
Total revenues	4,307,436	4,306,349	(1,087)	2,594,890
EXPENDITURES				
Current				
Health and Welfare				
Personal services	2,158,749	1,937,780	220,969	1,617,253
Other	1,605,121	1,651,734	(46,613)	1,355,258
Capital outlay	1,595,998	513,104	1,082,894	103,549
Total expenditures	5,359,868	4,102,618	1,257,250	3,076,060
Excess (deficiency) of revenues over (under) expenditures	(1,052,432)	203,731	1,256,163	(481,170)
Other financing sources (uses)				
Transfers in (out)				
General Fund	693,991	693,991	0	703,749
Sale of capital assets	0	2,575	2,575	18,039
Total other financing sources (uses)	693,991	696,566	2,575	721,788
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(358,441)	900,297	1,258,738	240,618
Fund balance, July 1	358,441	3,933,387	3,574,946	3,692,769
Fund balances, June 30	\$ 0	\$ 4,833,684	\$ 4,833,684	\$ 3,933,387

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 3,561,485	\$ 3,679,313
Investments	4,991,743	6,775,867
Property held for development	<u>196,763</u>	<u>196,763</u>
Total assets	<u>\$ 8,749,991</u>	<u>\$ 10,651,943</u>
LIABILITIES		
Accounts payable	<u>\$ 20</u>	<u>\$ 2,386</u>
Total liabilities	20	2,386
FUND BALANCES		
Assigned for Housing and Development	<u>8,749,971</u>	<u>10,649,557</u>
Total liabilities and fund balances	<u>\$ 8,749,991</u>	<u>\$ 10,651,943</u>

CITY OF GAINESVILLE, GEORGIA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Investment	\$ 19,450	\$ 74,518	\$ 55,068	\$ (456,820)
EXPENDITURES				
Current				
Housing and Development				
Other	73,000	72,104	896	11,218
Excess (deficiency) of revenues over (under) expenditures	(53,550)	2,414	55,964	(468,038)
Other financing sources (uses)				
Transfers in (out)				
Department of Water Resources Fund	3,598,000	3,598,000	0	10,017,622
General Government Capital Project Fund	(5,500,000)	(5,500,000)	0	0
Contingency	1,955,550	0	1,955,550	0
Total other financing sources (uses)	53,550	(1,902,000)	1,955,550	10,017,622
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,899,586)	(1,899,586)	9,549,584
Fund balances, July 1	0	10,649,557	10,649,557	1,099,973
Fund balances, June 30	\$ 0	\$ 8,749,971	\$ 8,749,971	\$ 10,649,557

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 171,856	\$ 296,749
Investments	240,872	546,495
Taxes receivable	<u>176,669</u>	<u>163,269</u>
Total assets	<u>\$ 589,397</u>	<u>\$ 1,006,513</u>
FUND BALANCES		
Assigned for Housing and Development	<u>\$ 589,397</u>	<u>\$ 1,006,513</u>

CITY OF GAINESVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	\$ 2,350,000	\$ 1,920,290	\$ (429,710)	\$ 1,837,797
Investment	425	13,019	12,594	(17,849)
Total revenues	<u>2,350,425</u>	<u>1,933,309</u>	<u>(417,116)</u>	<u>1,819,948</u>
EXPENDITURES				
Current				
Housing and Development				
Other	<u>1,939,655</u>	<u>1,939,655</u>	<u>0</u>	<u>1,149,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>410,770</u>	<u>(6,346)</u>	<u>(417,116)</u>	<u>670,008</u>
Other financing sources (uses)				
Transfers in (out)				
Debt Service Fund	(410,770)	(410,770)	0	(110,770)
General Government				
Capital Projects Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>(90,925)</u>
Total other financing sources (uses)	<u>(410,770)</u>	<u>(410,770)</u>	<u>0</u>	<u>(201,695)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>(417,116)</u>	<u>(417,116)</u>	<u>468,313</u>
Fund balances, July 1	<u>0</u>	<u>1,006,513</u>	<u>1,006,513</u>	<u>538,200</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 589,397</u>	<u>\$ 589,397</u>	<u>\$ 1,006,513</u>

CITY OF GAINESVILLE, GEORGIA
AMERICAN RESCUE PLAN GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 0	\$ 854,358
Investments	0	1,573,395
	<u>\$ 0</u>	<u>\$ 2,427,753</u>
Total assets		
LIABILITIES		
Unearned revenue	<u>\$ 0</u>	<u>\$ 2,427,753</u>

CITY OF GAINESVILLE, GEORGIA
AMERICAN RESCUE PLAN GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 2,427,753	\$ 2,427,753	\$ 0	\$ 8,836,672
EXPENDITURES				
Current				
Public Safety				
Personal services	0	0	0	194,784
Excess (deficiency) of revenues over (under) expenditures	2,427,753	2,427,753	0	8,641,888
Other financing sources (uses)				
Transfers in (out)				
Department of Water Resources Fund	(2,427,753)	(2,427,753)	0	(8,641,888)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balance, July 1	0	0	0	0
Fund balances, June 30	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 233,595	\$ 332,378
Investments	<u>138,740</u>	<u>201,993</u>
Total assets	<u><u>\$ 372,335</u></u>	<u><u>\$ 534,371</u></u>
LIABILITIES		
Accounts payable	\$ 840	\$ 17,408
Due to others	<u>134,608</u>	<u>222,695</u>
Total liabilities	135,448	240,103
FUND BALANCES		
Restricted for Public Safety	<u>236,887</u>	<u>294,268</u>
Total liabilities and fund balances	<u><u>\$ 372,335</u></u>	<u><u>\$ 534,371</u></u>

CITY OF GAINESVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 0	\$ 63,070	\$ 63,070	\$ 198,899
Investment	0	3,438	3,438	(5,870)
Total revenues	0	66,508	66,508	193,029
EXPENDITURES				
Current				
Public Safety				
Other	173,507	82,299	91,208	136,533
Capital outlay	41,591	41,590	1	66,256
Total expenditures	215,098	123,889	91,209	202,789
Excess (deficiency) of revenues over (under) expenditures	(215,098)	(57,381)	157,717	(9,760)
Other financing sources (uses)				
Sales of capital assets	0	0	0	40,500
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(215,098)	(57,381)	157,717	30,740
Fund balance, July 1	215,098	294,268	79,170	263,528
Fund balances, June 30	\$ 0	\$ 236,887	\$ 236,887	\$ 294,268

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 70,479	\$ 300
Investments	16,241	0
Receivables		
Accounts	63,748	134,147
Intergovernmental	82,528	84,330
	<u>232,996</u>	<u>218,777</u>
Total assets	\$ 232,996	\$ 218,777
LIABILITIES		
Accounts payable	\$ 14,219	\$ 0
Due to other funds	195,363	195,363
	<u>209,582</u>	<u>195,363</u>
Total liabilities	209,582	195,363
FUND BALANCES		
Restricted for		
Public Safety	763	763
Public Works	19,150	19,150
Committed for Housing and Development	3,501	3,501
	<u>23,414</u>	<u>23,414</u>
Total fund balances	23,414	23,414
Total liabilities and fund balances	\$ 232,996	\$ 218,777

CITY OF GAINESVILLE, GEORGIA
GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 249,060	\$ 207,233	\$ (41,827)	\$ 44,717
Contributions	126,000	134,619	8,619	94,150
Total revenues	375,060	341,852	(33,208)	138,867
EXPENDITURES				
Current				
General Government	1,410	1,124	286	0
Public Safety	337,300	329,649	7,651	209,634
Public Works	24,000	20,400	3,600	0
Culture and Recreation	28,000	28,000	0	0
Housing and Development	40,000	39,997	3	0
Total expenditures	430,710	419,170	11,540	209,634
Excess (deficiency) of revenues over (under) expenditures	(55,650)	(77,318)	(21,668)	(70,767)
Other financing sources (uses)				
Transfers in (out)				
General Fund	55,650	71,765	16,115	70,767
Solid Waste Fund		3,630	3,630	0
Department of Water Resources Fund	0	1,923	1,923	0
Total other financing sources (uses)	55,650	77,318	21,668	70,767
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balance, July 1	0	23,414	23,414	23,414
Fund balances, June 30	\$ 0	\$ 23,414	\$ 23,414	\$ 23,414

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 0	\$ 17,494
Investments	0	32,216
Intergovernmental receivables	<u>107,921</u>	<u>6,782</u>
Total assets	<u>\$ 107,921</u>	<u>\$ 56,492</u>
LIABILITIES		
Accounts payable	\$ 863	\$ 802
Accrued salaries	1,414	2,857
Due to other funds	<u>49,903</u>	<u>0</u>
Total liabilities	52,180	3,659
FUND BALANCES		
Restricted for Housing and Development	<u>55,741</u>	<u>52,833</u>
Total liabilities and fund balances	<u>\$ 107,921</u>	<u>\$ 56,492</u>

CITY OF GAINESVILLE, GEORGIA
HUD GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 2,493,160	\$ 494,236	\$ (1,998,924)	\$ 549,595
EXPENDITURES				
Current				
Housing and Development				
Personal services	326,882	128,293	198,589	69,766
Other	2,514,071	363,035	2,151,036	479,829
Total expenditures	2,840,953	491,328	2,349,625	549,595
Excess (deficiency) of revenues over (under) expenditures	(347,793)	2,908	350,701	0
Other financing sources (uses)				
Sales of capital assets	0	0	0	(40,522)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(347,793)	2,908	350,701	(40,522)
Fund balances, July 1	347,793	52,833	(294,960)	93,355
Fund balances, June 30	\$ 0	\$ 55,741	\$ 55,741	\$ 52,833

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 82,401	\$ 62,825
Investments	115,493	115,699
Notes receivable	<u>149,192</u>	<u>172,401</u>
Total assets	<u>\$ 347,086</u>	<u>\$ 350,925</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - notes receivable	\$ 149,192	\$ 172,401
FUND BALANCES		
Restricted for Housing and Development	<u>197,894</u>	<u>178,524</u>
Total deferred inflows of resources and fund balances	<u>\$ 347,086</u>	<u>\$ 350,925</u>

CITY OF GAINESVILLE, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 27,000	\$ 24,078	\$ (2,922)	\$ 21,868
Investment	0	2,592	2,592	(4,222)
Total revenues	<u>27,000</u>	<u>26,670</u>	<u>(330)</u>	<u>17,646</u>
EXPENDITURES				
Current				
Housing and Development				
Other	<u>27,000</u>	<u>7,300</u>	<u>19,700</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	19,370	19,370	17,646
Fund balances, July 1	<u>0</u>	<u>178,524</u>	<u>178,524</u>	<u>160,878</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 197,894</u>	<u>\$ 197,894</u>	<u>\$ 178,524</u>

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,887,211	\$ 1,576,023
Investments	<u>2,645,095</u>	<u>2,902,424</u>
Total assets	<u>\$ 4,532,306</u>	<u>\$ 4,478,447</u>
LIABILITIES		
Due to other funds	<u>\$ 1,167</u>	<u>\$ 0</u>
FUND BALANCES		
Restricted for:		
Public Safety	4,021,181	3,144,733
Cultural and Recreation	<u>509,958</u>	<u>1,333,714</u>
Total fund balances	<u>4,531,139</u>	<u>4,478,447</u>
Total liabilities and fund balances	<u>\$ 4,532,306</u>	<u>\$ 4,478,447</u>

CITY OF GAINESVILLE, GEORGIA
IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 1,982,750	\$ 1,910,088	\$ (72,662)	\$ 4,000,348
Investment	4,450	72,750	68,300	(70,909)
Total revenues	<u>1,987,200</u>	<u>1,982,838</u>	<u>(4,362)</u>	<u>3,929,439</u>
EXPENDITURES				
Current				
Culture and Recreation				
Other	<u>2,081,950</u>	<u>1,130,000</u>	<u>951,950</u>	<u>1,000,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(94,750)</u>	<u>852,838</u>	<u>947,588</u>	<u>2,929,439</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(60,147)	(60,146)	1	(124,508)
SPLOST Fund	(740,000)	(740,000)	0	0
Contingency	<u>894,897</u>	<u>0</u>	<u>(894,897)</u>	<u>0</u>
Total other financing sources (uses)	<u>94,750</u>	<u>(800,146)</u>	<u>(894,896)</u>	<u>(124,508)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>52,692</u>	<u>52,692</u>	<u>2,804,931</u>
Fund balances, July 1	<u>0</u>	<u>4,478,447</u>	<u>4,478,447</u>	<u>1,673,516</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 4,531,139</u>	<u>\$ 4,531,139</u>	<u>\$ 4,478,447</u>

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 884,863	\$ 790,012
Investments	1,240,215	1,454,895
Intergovernmental receivable	<u>785,649</u>	<u>0</u>
Total assets	<u>\$ 2,910,727</u>	<u>\$ 2,244,907</u>
LIABILITIES		
Due to other funds	\$ 1,171,169	\$ 1,272,731
FUND BALANCES		
Restricted for Housing and Development	<u>1,739,558</u>	<u>972,176</u>
Total liabilities and fund balances	<u>\$ 2,910,727</u>	<u>\$ 2,244,907</u>

CITY OF GAINESVILLE, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 151,359	\$ 399,514	\$ 248,155	\$ 182,167
Intergovernmental	466,903	960,353	493,450	477,236
Investment	1,100	(8,792)	(9,892)	(47,945)
Total revenues	619,362	1,351,075	731,713	611,458
EXPENDITURES				
Current				
Housing and Development				
Other	440,634	411,089	29,545	194,176
Excess (deficiency) of revenues over (under) expenditures	178,728	939,986	761,258	417,282
Other financing sources (uses)				
Transfers in (out)				
General Fund	(71,042)	(71,042)	0	0
General Government Capital Projects Fund	0	0	0	(250,000)
Debt Service Fund	(107,686)	(101,562)	6,124	(111,257)
Total other financing sources (uses)	(178,728)	(172,604)	6,124	(361,257)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	767,382	767,382	56,025
Fund balances, July 1	0	972,176	972,176	916,151
Fund balances, June 30	\$ 0	\$ 1,739,558	\$ 1,739,558	\$ 972,176

CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 142,182	\$ 108,363
Investments	<u>199,280</u>	<u>199,561</u>
Total assets	<u><u>\$ 341,462</u></u>	<u><u>\$ 307,924</u></u>
LIABILITIES		
Accounts payable	\$ 276	\$ 268
FUND BALANCES		
Restricted for Public Safety	<u>341,186</u>	<u>307,656</u>
Total liabilities and fund balances	<u><u>\$ 341,462</u></u>	<u><u>\$ 307,924</u></u>

CITY OF GAINESVILLE, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 41,560	\$ 40,082	\$ (1,478)	\$ 47,779
Investment	700	4,066	3,366	(6,300)
Total revenues	<u>42,260</u>	<u>44,148</u>	<u>1,888</u>	<u>41,479</u>
EXPENDITURES				
Current				
Public Safety				
Other	<u>44,760</u>	<u>10,618</u>	<u>34,142</u>	<u>3,297</u>
Excess (deficiency) of revenues over (under) expenditures	(2,500)	33,530	36,030	38,182
Fund balances, July 1	<u>2,500</u>	<u>307,656</u>	<u>305,156</u>	<u>269,474</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 341,186</u>	<u>\$ 341,186</u>	<u>\$ 307,656</u>

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 255,670	\$ 189,055
Investments	<u>358,344</u>	<u>348,164</u>
Total assets	<u>\$ 614,014</u>	<u>\$ 537,219</u>
FUND BALANCES		
Committed for Public Works	<u>\$ 614,014</u>	<u>\$ 537,219</u>

CITY OF GAINESVILLE, GEORGIA
CEMETERY TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Sales and services	\$ 50,000	\$ 99,407	\$ 49,407	\$ 73,552
Investment	1,500	7,388	5,888	(11,321)
Total revenues	51,500	106,795	55,295	62,231
EXPENDITURES				
Public Works				
Other	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	51,500	106,795	55,295	62,231
Other financing sources (uses)				
Transfers in (out)				
General Government				
Capital Projects Fund	(55,000)	(30,000)	25,000	(55,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,500)	76,795	80,295	7,231
Fund balances, July 1	3,500	537,219	533,719	529,988
Fund balances, June 30	\$ 0	\$ 614,014	\$ 614,014	\$ 537,219

CITY OF GAINESVILLE, GEORGIA
FIRE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 650,912	\$ 627,288
Investments	912,313	1,155,221
Receivable		
Accounts	736	663
Taxes	130,255	86,358
Intergovernmental	532	733
Total assets	<u>\$ 1,694,748</u>	<u>\$ 1,870,263</u>
LIABILITIES		
Accounts payable	\$ 50,210	\$ 62,054
Intergovernmental payable	0	1,361
Accrued salaries	82,349	338,173
Total liabilities	132,559	401,588
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	122,679	80,037
FUND BALANCES		
Assigned for Public Safety	1,439,510	1,388,638
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,694,748</u>	<u>\$ 1,870,263</u>

CITY OF GAINESVILLE, GEORGIA
FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 8,037,521	\$ 8,451,363	\$ 413,842	\$ 7,334,356
Motor vehicle taxes	54,804	34,744	(20,060)	56,256
Investment	5,600	82,934	77,334	(71,357)
Other	0	0	0	2,070
Total revenues	8,097,925	8,569,041	471,116	7,321,325
EXPENDITURES				
Current				
Public Safety				
Personal services	8,807,010	8,850,980	(43,970)	8,018,938
Other	1,446,148	1,421,582	24,566	1,335,585
Total expenditures	10,253,158	10,272,562	(19,404)	9,354,523
Excess (deficiency) of revenues over (under) expenditures	(2,155,233)	(1,703,521)	451,712	(2,033,198)
Other financing sources (uses)				
Transfers in (out)				
General Fund	1,877,020	1,877,020	0	2,111,870
General Government Capital Projects Fund	(30,000)	(30,000)	0	(105,000)
SPLOST Capital Projects Fund	(96,219)	(96,219)	0	(250)
Sales of capital assets	0	3,592	3,592	87,544
Total other financing sources (uses)	1,750,801	1,754,393	3,592	2,094,164
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(404,432)	50,872	455,304	60,966
Fund balances, July 1	404,432	1,388,638	984,206	1,327,672
Fund balances, June 30	\$ 0	\$ 1,439,510	\$ 1,439,510	\$ 1,388,638

CITY OF GAINESVILLE, GEORGIA
POLICE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 79,549	\$ 112,577
Investments	111,495	207,322
Intergovernmental receivable	<u>251</u>	<u>293</u>
Total assets	<u>\$ 191,295</u>	<u>\$ 320,192</u>
LIABILITIES		
Accounts payable	\$ 11,148	\$ 20,707
Accrued salaries	<u>44,257</u>	<u>140,342</u>
Total liabilities	55,405	161,049
FUND BALANCES		
Assigned for Public Safety	<u>135,890</u>	<u>159,143</u>
Total liabilities and fund balances	<u>\$ 191,295</u>	<u>\$ 320,192</u>

CITY OF GAINESVILLE, GEORGIA
POLICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 37,487	\$ 0	\$ (37,487)	\$ 0
Motor vehicle taxes	25,867	15,442	(10,425)	9,679
Investment	150	0	(150)	0
Total revenues	63,504	15,442	(48,062)	9,679
EXPENDITURES				
Current				
Public Safety				
Personal services	4,307,952	4,340,360	(32,408)	3,723,211
Other	1,131,457	955,368	176,089	1,321,481
Total expenditures	5,439,409	5,295,728	143,681	5,044,692
Excess (deficiency) of revenues over (under) expenditures	(5,375,905)	(5,280,286)	95,619	(5,035,013)
Other financing sources (uses)				
Transfers in (out)				
General Fund	5,216,189	5,216,189	0	4,771,306
General Insurance Internal Service Fund	40,844	40,844	0	13,388
Proceeds from long-term debt	0	0	0	409,462
Contingency	118,872	0	(118,872)	0
Total other financing sources (uses)	5,375,905	5,257,033	(118,872)	5,194,156
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(23,253)	(23,253)	159,143
Fund balances, July 1	0	159,143	159,143	0
Fund balances, June 30	\$ 0	\$ 135,890	\$ 135,890	\$ 159,143

CITY OF GAINESVILLE, GEORGIA
OPIOID SETTLEMENT SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2023

ASSETS

Accounts receivable	\$ 461,688
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LIABILITIES

Due to other funds	\$ 6,920
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DEFERRED INFLOWS OF RESOURCES

Unavailable fines, fees, and forfeitures	<u>454,768</u>
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Total liabilities and deferred inflows of resources	<u>\$ 461,688</u>
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CITY OF GAINESVILLE, GEORGIA
OPIOID SETTLEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023

	Final Budget	Actual	Variance
REVENUES			
Fines, fees, and forfeitures	\$ 125,000	\$ 111,920	\$ (13,080)
Total revenues	<u>125,000</u>	<u>111,920</u>	<u>(13,080)</u>
EXPENDITURES			
Current			
Public Safety			
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	125,000	111,920	(13,080)
Other financing sources (uses)			
Transfers in (out)			
General Fund	<u>(125,000)</u>	<u>(111,920)</u>	<u>13,080</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>



GAINESVILLE

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

CITY OF GAINESVILLE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,177,575	\$ 562,242
Investments	1,650,477	1,035,432
Taxes receivable	55,467	39,998
Due from other funds	1,171,169	1,272,731
Prepaid items	<u>3,584</u>	<u>5,018</u>
Total assets	<u>\$ 4,058,272</u>	<u>\$ 2,915,421</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	<u>\$ 51,883</u>	<u>\$ 36,784</u>
FUND BALANCES		
Nonspendable prepaid items	3,584	5,018
Restricted for debt service	1,313,785	1,205,870
Assigned for debt service	<u>2,689,020</u>	<u>1,667,749</u>
Total fund balances	<u>4,006,389</u>	<u>2,878,637</u>
Total deferred inflows of resources and fund balances	<u>\$ 4,058,272</u>	<u>\$ 2,915,421</u>

CITY OF GAINESVILLE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 3,337,734	\$ 3,495,239	\$ 157,505	\$ 3,041,365
Investment	10,129	1,021,272	1,011,143	(55,026)
Other	304,765	32	(304,733)	0
Total revenues	3,652,628	4,516,543	863,915	2,986,339
EXPENDITURES				
Debt Service				
Principal	4,256,726	2,745,995	1,510,731	3,908,508
Interest and fiscal charges	1,449,312	1,448,820	492	552,100
Total expenditures	5,706,038	4,194,815	1,511,223	4,460,608
Excess (deficiency) of revenues over (under) expenditures	(2,053,410)	321,728	2,375,138	(1,474,269)
Other financing sources (uses)				
Transfers in (out)				
SPLOST Capital Projects Fund	293,692	293,692	0	293,692
Tax Allocation District Special Revenue Fund	107,686	101,562	(6,124)	111,257
Hotel/Motel Tax Special Revenue Fund	410,770	410,770	0	110,770
Total other financing sources (uses)	812,148	806,024	(6,124)	515,719
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,241,262)	1,127,752	2,369,014	(958,550)
Fund balances, July 1	1,241,262	2,878,637	1,637,375	3,837,187
Fund balances, June 30	\$ 0	\$ 4,006,389	\$ 4,006,389	\$ 2,878,637



GAINESVILLE

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by the proprietary or fiduciary funds).

General Government Capital Projects Fund - *This fund is used to account for general purpose long-term capital projects financed from various revenue sources.*

Special Purpose Local Option Sales Tax Capital Projects Fund - *This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.*

The Special Purpose Local Option Sales Tax Capital Projects Fund is presented as a major fund in the basic financial statements.

Grants Capital Projects Fund – *This fund is used to account for capital grants used to finance major capital projects.*

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 9,489,311	\$ 1,771,734
Investments	13,300,125	2,993,659
Prepaid items	2,028,000	0
Restricted assets		
Cash and cash equivalents	6,685,388	0
Investments	4,425,739	0
	<u>35,928,563</u>	<u>4,765,393</u>
Total assets	<u>\$ 35,928,563</u>	<u>\$ 4,765,393</u>
LIABILITIES		
Payables		
Accounts	\$ 1,428,169	\$ 790,845
Intergovernmental	27,904	47,223
Retainages	1,080,935	146,344
Due to other funds	369,985	369,985
	<u>2,906,993</u>	<u>1,354,397</u>
Total liabilities	<u>2,906,993</u>	<u>1,354,397</u>
FUND BALANCES		
Nonspendable prepaid items	2,028,000	0
Restricted for capital projects:		
General Government	8,870,514	759,617
Public Safety	98,565	92,253
Health and Welfare	73,188	73,188
Assigned for capital projects:		
General Government	18,783,146	1,385,902
Public Safety	1,904,947	0
Public Works	1,263,210	1,100,036
	<u>33,021,570</u>	<u>3,410,996</u>
Total fund balances	<u>33,021,570</u>	<u>3,410,996</u>
Total liabilities and fund balances	<u>\$ 35,928,563</u>	<u>\$ 4,765,393</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Investment	\$ 0	\$ 225
Contributions	524,500	0
Total revenues	<u>524,500</u>	<u>225</u>
EXPENDITURES		
Capital outlay		
General Government	15,450,013	2,008,753
Public Safety	834,614	847,656
Public Works	1,268,380	2,351,002
Housing and Development	264,207	529,095
Total expenditures	<u>17,817,214</u>	<u>5,736,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,292,714)</u>	<u>(5,736,281)</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	11,701,292	3,593,671
Fire Special Revenue Fund	30,000	105,000
Hotel/Motel Tax Fund	0	90,925
Cemetery Trust Fund	30,000	55,000
Tax Allocation Fund	0	250,000
Economic Development Fund	5,500,000	0
Vehicle Services Fund	0	(39,458)
SPLOST Capital Projects Fund	0	(292,476)
Department of Water Resources Fund	4,800,000	0
Issuance of long-term debt	24,841,996	0
Total other financing sources (uses)	<u>46,903,288</u>	<u>3,762,662</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	29,610,574	(1,973,619)
Fund balances, July 1	<u>3,410,996</u>	<u>5,384,615</u>
Fund balances, June 30	<u><u>\$ 33,021,570</u></u>	<u><u>\$ 3,410,996</u></u>

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 9,009,532	\$ 6,147,166
Investments	12,627,669	11,640,194
Intergovernmental receivables	1,761,852	1,859,180
Restricted assets		
Cash and cash equivalents	10,653,033	0
Investments	<u>2,551,747</u>	<u>0</u>
Total assets	<u>\$ 36,603,833</u>	<u>\$ 19,646,540</u>
LIABILITIES		
Accounts payable	\$ 1,635,387	\$ 1,348,926
Retainages payable	<u>1,137,916</u>	<u>836,941</u>
Total liabilities	<u>2,773,303</u>	<u>2,185,867</u>
FUND BALANCES		
Restricted for capital projects:		
Public Safety	1,061,157	1,195,035
Public Works	8,845,328	9,395,099
Health and Welfare	6,923	49,050
Culture and Recreation	21,199,142	5,796,261
Assigned for capital projects:		
Public Safety	28,202	2
Public Works	<u>2,689,778</u>	<u>1,025,226</u>
Total fund balances	<u>33,830,530</u>	<u>17,460,673</u>
Total liabilities and fund balances	<u>\$ 36,603,833</u>	<u>\$ 19,646,540</u>

CITY OF GAINESVILLE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Intergovernmental	\$ 11,698,096	\$ 12,321,772
Total revenues	<u>11,698,096</u>	<u>12,321,772</u>
EXPENDITURES		
Capital outlay		
General Government	1,474,539	10,506,393
Public Safety	106,800	1,594,752
Public Works	4,764,776	5,342,616
Culture and Recreation	8,798,196	3,201,354
Total expenditures	<u>15,144,311</u>	<u>20,645,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,446,215)</u>	<u>(8,323,343)</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	2,190,000	550,000
Impact Fee Special Revenue Fund	740,000	0
Fire Services Special Revenue Fund	96,219	250
Grants Capital Projects Fund	806,167	910,084
General Government Capital Projects Fund	0	292,476
Debt Service Fund	(293,692)	(293,692)
Proceeds from long-term debt	16,277,378	1,383,099
Total other financing sources (uses)	<u>19,816,072</u>	<u>2,842,217</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16,369,857	(5,481,126)
Fund balances, July 1	<u>17,460,673</u>	<u>22,941,799</u>
Fund balances, June 30	<u><u>\$ 33,830,530</u></u>	<u><u>\$ 17,460,673</u></u>

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 230,627	\$ 194,914
Investments	<u>323,244</u>	<u>358,957</u>
Total assets	<u>\$ 553,871</u>	<u>\$ 553,871</u>
FUND BALANCES		
Restricted for capital projects:		
Public Works	\$ 35,047	\$ 35,047
Assigned for capital projects:		
Public Works	<u>518,824</u>	<u>518,824</u>
Total fund balances	<u>\$ 553,871</u>	<u>\$ 553,871</u>

CITY OF GAINESVILLE, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Intergovernmental	\$ 806,167	\$ 423,053
Total revenues	<u>806,167</u>	<u>423,053</u>
EXPENDITURES		
Capital outlay		
Public Works	<u>0</u>	<u>72,423</u>
Total expenditures	<u>0</u>	<u>72,423</u>
Excess (deficiency) of revenues over (under) expenditures	806,167	350,630
Other financing sources (uses)		
Transfers in (out)		
SPLOST Capital Projects Funds	<u>(806,167)</u>	<u>(910,084)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(559,454)
Fund balances, July 1	<u>553,871</u>	<u>1,113,325</u>
Fund balances, June 30	<u>\$ 553,871</u>	<u>\$ 553,871</u>



GAINESVILLE

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

***Department of Water Resources Fund** is used to account for activities connected with the development, operation and maintenance of water and sewer service in the City of Gainesville and parts of Hall County.*

The Department of Water Resources Fund is presented as a major fund in the basic financial statements.

***Airport Fund** is used to account for activities connected with the operation of the Lee Gilmer Memorial Airport.*

***Solid Waste Fund** is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste, and for the maintenance of street rights-of-way.*

***Chattahoochee Golf Course Fund** is used to account for activities connected with the operation of a public golf course owned by the City of Gainesville, Georgia.*

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,375,961	\$ 13,135,013
Investments	26,346,855	28,429,371
Receivables		
Accounts (net)	5,709,379	3,907,352
Intergovernmental	12,537,862	3,003,486
Other	8,574	8,127
Inventories	2,655,549	2,189,401
Prepaid items	82,492	130,612
	<u>63,716,672</u>	<u>50,803,362</u>
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	42,010,066	31,570,872
Investments	58,880,888	58,141,280
Debt Redemption		
Cash and cash equivalents	3,674,267	3,978,756
Customer Deposits		
Cash and cash equivalents	2,427,173	2,307,513
	<u>106,992,394</u>	<u>95,998,421</u>
Noncurrent assets		
Property held for development	2,480,264	2,971,111
Capital assets		
Land	29,179,311	28,761,453
Nondepreciable intangibles	2,853,619	2,853,619
Land improvements	2,287,902	2,287,902
Buildings	52,952,245	52,952,245
Distribution system	595,821,246	592,400,577
Vehicles and equipment	44,499,127	42,612,068
Depreciable intangibles	6,138,328	6,138,328
Construction in progress	116,753,080	65,481,169
Intangible right-to-use assets	1,112,296	1,112,296
Accumulated depreciation/amortization	(303,015,704)	(286,024,411)
	<u>551,061,714</u>	<u>511,546,357</u>
Total assets	<u>721,770,780</u>	<u>658,348,140</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	5,781,634	3,750,003
Deferred outflows related to other post employment benefits	1,953,494	2,190,257
	<u>7,735,128</u>	<u>5,940,260</u>
Total deferred outflows of resources	<u>7,735,128</u>	<u>5,940,260</u>

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 3,150,717	\$ 1,284,738
Intergovernmental	1,557,251	1,381,120
Accrued salaries	223,160	563,680
Compensated absences	770,879	684,289
Interest payable	1,500	2,105
Subscription payable	222,666	219,496
Contracts payable	1,261,588	1,261,588
	<u>7,187,761</u>	<u>5,397,016</u>
Current liabilities payable from restricted assets		
Payables		
Accounts	5,290,449	2,687,477
Retainages	4,272,239	2,175,424
Customer deposits	2,427,173	2,307,513
Interest payable	187,125	226,500
Revenue bonds payable	6,688,739	7,348,739
	<u>18,865,725</u>	<u>14,745,653</u>
Noncurrent liabilities		
Compensated absences	85,653	76,032
Net pension liability	24,071,650	20,271,021
Net OPEB liability	8,013,491	11,607,021
Contracts payable	8,831,116	10,092,704
Subscription payable	380,986	603,652
Notes payable	36,911,937	7,734,375
Revenue bonds payable	28,931,933	35,620,672
	<u>107,226,766</u>	<u>86,005,477</u>
Total liabilities	<u>133,280,252</u>	<u>106,148,146</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	441,203	1,135,226
Deferred inflows related to other post employment benefits	3,905,241	1,453,559
	<u>4,346,444</u>	<u>2,588,785</u>
NET POSITION		
Net investment in capital assets	468,260,016	440,786,848
Restricted for:		
Capital outlay	100,890,953	89,701,165
Debt service	3,487,142	3,752,256
Unrestricted	19,241,101	21,311,200
	<u>121,419,207</u>	<u>114,765,321</u>
Total net position	<u>\$ 591,879,212</u>	<u>\$ 555,551,469</u>

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 41,437,964	\$ 39,208,115
Sewer charges	36,327,461	34,875,835
Tap fees	1,308,831	2,053,412
Other	1,872,616	1,661,751
Other	76,332	450,461
Total operating revenues	<u>81,023,204</u>	<u>78,249,574</u>
OPERATING EXPENSES		
Costs of sales and services	26,098,751	21,782,626
Personal services	17,502,804	15,549,945
Depreciation	17,259,807	17,005,538
Total operating expenses	<u>60,861,362</u>	<u>54,338,109</u>
Operating income (loss)	<u>20,161,842</u>	<u>23,911,465</u>
Non-operating revenues (expenses)		
Investment revenue	2,934,255	(1,658,124)
Interest expense	(1,641,889)	(2,013,781)
Gain on sale of property held for development	10,206,589	5,052,506
Gain (loss) on sale of capital assets	3,110	17,170
Total non-operating revenues (expenses)	<u>11,502,065</u>	<u>1,397,771</u>
Net income (loss) before capital contributions and transfers	<u>31,663,907</u>	<u>25,309,236</u>
Capital contributions		
Connection fees	5,132,734	6,904,881
Capital contributions	6,194,043	11,707,493
Total capital contributions	<u>11,326,777</u>	<u>18,612,374</u>
Net income (loss) before transfers	<u>42,990,684</u>	<u>43,921,610</u>
Transfers in (out)		
General Fund	(2,075,977)	(3,376,797)
General Governmental Capital Project Fund	(4,800,000)	0
American Rescue Plan Grant Special Revenue Fund	0	3,431,418
Grants Special Revenue Fund	(1,923)	0
Economic Development Sepecial Revenue Fund	0	(10,017,622)
General Insurance Internal Service Fund	214,959	0
Total transfers in (out)	<u>(6,662,941)</u>	<u>(9,963,001)</u>
Change in net position	36,327,743	33,958,609
Net position, July 1 (Restated)	<u>555,551,469</u>	<u>521,592,860</u>
Net position, June 30	<u><u>\$ 591,879,212</u></u>	<u><u>\$ 555,551,469</u></u>

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 69,729,683	\$ 77,137,784
Payments to suppliers	(24,792,709)	(23,643,020)
Payments to employees	(17,577,223)	(14,649,571)
Other receipts	76,332	450,461
	<u>27,436,083</u>	<u>39,295,654</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Payments to other funds	(6,877,900)	(3,376,797)
	<u>(6,877,900)</u>	<u>(3,376,797)</u>
Cash flows from capital and related financing activities:		
Connection fees	5,132,734	6,904,881
Receipts of capital contributions	1,700,000	230,000
Receipts from other funds	214,959	3,431,418
Interest paid	(1,681,869)	(2,065,135)
Acquisition of capital assets	(44,217,477)	(25,170,389)
Payment of capital related accounts payable	(2,676,489)	(1,662,533)
Payment of capital related retainages payable	(2,175,424)	(1,133,450)
Proceeds from sale of capital assets	56,771	130,857
Proceeds from subscriptions payable	0	1,112,296
Principal payments - subscriptions payable	(219,496)	(289,148)
Proceeds from notes payable	29,177,562	5,968,151
Principal payments - bonds	(6,300,000)	(14,965,000)
	<u>(20,988,729)</u>	<u>(27,508,052)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Receipts of investment revenue	2,958,699	551,564
Proceeds from sale of property held for development	10,697,436	0
Proceeds from sale of investments	33,892,447	36,778,270
Purchase of investments	(33,622,723)	(79,946,091)
	<u>13,925,859</u>	<u>(42,616,257)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	13,495,313	(34,205,452)
Cash and cash equivalents, July 1	50,992,154	85,197,606
Cash and cash equivalents, June 30	<u>\$ 64,487,467</u>	<u>\$ 50,992,154</u>

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 20,161,842	\$ 23,911,465
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	17,259,807	17,005,538
(Increase) decrease in accounts receivable	(1,738,200)	535,859
(Increase) decrease in intergovernmental receivables	(9,598,650)	(1,263,553)
(Increase) decrease in inventory	(466,148)	(399,066)
(Increase) decrease in prepaid items	48,120	(129,663)
(Increase) decrease in deferred outflows of resources	(1,794,868)	(1,731,416)
Increase (decrease) in accounts payable	1,547,939	(1,463,177)
Increase (decrease) in intergovernmental payables	176,131	131,510
Increase (decrease) in deposits payable	119,660	66,367
Increase (decrease) in accrued salaries and benefits	(244,309)	(13,791)
Increase (decrease) in net pension liability	3,800,629	10,312,153
Increase (decrease) in deferred inflows of resources	1,757,659	(8,002,583)
Increase (decrease) in net OPEB liability	(3,593,529)	336,011
Total adjustments	<u>7,274,241</u>	<u>15,384,189</u>
Net cash provided (used) by operating activities	<u>\$ 27,436,083</u>	<u>\$ 39,295,654</u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 16,375,961	\$ 13,135,013
Extension and Renewal		
Cash and cash equivalents	42,010,066	31,570,872
Debt Redemption		
Cash and cash equivalents	3,674,267	3,978,756
Customer Deposits		
Cash and cash equivalents	<u>2,427,173</u>	<u>2,307,513</u>
Total cash and cash equivalents	<u>\$ 64,487,467</u>	<u>\$ 50,992,154</u>

Noncash investing, capital, and financing activities:

Contributions of capital assets from individuals totaled \$3,232,455 and \$10,215,905 for the fiscal years ended June 30, 2023 and 2022, respectively.

Acquisition of capital assets through accounts payable totaled \$5,597,501 and \$2,676,489 for the fiscal years ended June 30, 2023 and 2022, respectively.

Acquisition of capital assets through retainage payable totaled \$4,272,239 and \$2,175,424 for the fiscal years ended June 30, 2023 and 2022, respectively.

Forgiveness of contracts payable through capital contributions totaled \$1,261,588 and \$1,261,588 for the fiscal years ended June 30, 2023 and 2023, respectively.

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 760,856	\$ 596,773
Investments	1,066,407	1,099,020
Receivables		
Accounts	23,935	11,845
Intergovernmental	3,499,892	9,150
Lease	589,301	500,243
Total current assets	<u>5,940,391</u>	<u>2,217,031</u>
Noncurrent assets		
Lease receivable	3,178,018	3,140,393
Capital assets		
Land	636,298	636,298
Land improvements	3,361,288	3,214,747
Buildings	6,689,172	6,689,172
Infrastructure	11,961,046	11,961,046
Vehicles and equipment	552,684	552,684
Construction in progress	4,364,499	380,548
Accumulated depreciation	<u>(15,151,377)</u>	<u>(14,500,783)</u>
Total noncurrent assets	<u>15,591,628</u>	<u>12,074,105</u>
Total assets	<u>21,532,019</u>	<u>14,291,136</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	33,137	22,427
Deferred outflows related to other post employment benefits	9,572	10,519
Total deferred outflows of resources	<u>42,709</u>	<u>32,946</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	3,389,033	17,829
Customer deposits	48,280	48,280
Retainage	353,022	0
Accrued salaries	1,266	3,321
Compensated absences	8,335	8,335
Total current liabilities	<u>3,799,936</u>	<u>77,765</u>
Noncurrent liabilities		
Compensated absences	926	926
Net pension liability	144,081	125,289
Net OPEB liability	<u>41,336</u>	<u>55,711</u>
Total noncurrent liabilities	<u>186,343</u>	<u>181,926</u>
Total liabilities	<u>3,986,279</u>	<u>259,691</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	1,486	5,189
Deferred inflows related to other post employment benefits	16,833	7,027
Deferred inflows related to leases	<u>3,721,051</u>	<u>3,555,945</u>
Total deferred inflows of resources	<u>3,739,370</u>	<u>3,568,161</u>
NET POSITION		
Net investment in capital assets	8,717,126	8,933,712
Unrestricted	<u>5,131,953</u>	<u>1,562,518</u>
Total net position	<u>\$ 13,849,079</u>	<u>\$ 10,496,230</u>

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for sales and services		
Fuel sales	\$ 53,138	\$ 57,324
Rent	973,170	1,051,887
Other	0	10,228
	<u>1,026,308</u>	<u>1,119,439</u>
OPERATING EXPENSES		
Costs of sales and services	448,139	405,109
Personal services	91,423	86,296
Depreciation	650,594	606,702
	<u>1,190,156</u>	<u>1,098,107</u>
Operating income (loss)	<u>(163,848)</u>	<u>21,332</u>
Non-operating revenues (expenses)		
Investment revenue	25,955	(35,247)
Intergovernmental revenue	3,490,742	0
Interest expense	0	(1,038)
Gain (loss) on sale of capital assets	0	245
	<u>3,516,697</u>	<u>(36,040)</u>
Net income (loss) before transfers	3,352,849	(14,708)
Transfers in (out)		
American Rescue Plan Grant Special Revenue Fund	0	82,000
Change in net position	3,352,849	67,292
Net position, July 1 (Restated)	<u>10,496,230</u>	<u>10,428,938</u>
Net position, June 30	<u><u>\$ 13,849,079</u></u>	<u><u>\$ 10,496,230</u></u>

CITY OF GAINESVILLE, GEORGIA
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,053,103	\$ 1,071,152
(Payments to) receipts from suppliers	(420,397)	(406,133)
Payments to employees	(92,721)	(79,630)
Other receipts (payments)	(462)	10,228
	<u>539,523</u>	<u>595,617</u>
Net cash provided (used) by operating activities		
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	0	245
Interest paid	0	(1,038)
Receipts from other funds	0	82,000
Acquisition of capital assets	(434,008)	(361,828)
	<u>(434,008)</u>	<u>(280,621)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Receipts of investment revenue	39,021	7,002
Proceeds from sale of investments	422,409	467,125
Purchase of investments	(402,862)	(1,070,350)
	<u>58,568</u>	<u>(596,223)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	164,083	(281,227)
Cash and cash equivalents, July 1	596,773	878,000
Cash and cash equivalents, June 30	<u>\$ 760,856</u>	<u>\$ 596,773</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (163,848)	\$ 21,332
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	650,594	606,702
(Increase) decrease in accounts receivable	(12,090)	4,584
(Increase) decrease in leases receivable	(126,683)	495,636
(Increase) decrease in deferred outflows of resources	(9,763)	(12,153)
Increase (decrease) in accounts payable	27,742	(1,024)
Increase (decrease) in accrued payroll liabilities	(2,055)	1,947
Increase (decrease) in net pension liability	18,792	70,598
Increase (decrease) in deferred inflows of resources	171,209	(593,400)
Increase (decrease) in net OPEB liability	(14,375)	1,395
	<u>703,371</u>	<u>574,285</u>
Total adjustments		
Net cash provided by operating activities	<u>\$ 539,523</u>	<u>\$ 595,617</u>
Noncash investing, capital, and financing activities:		
Acquisition of capital assets through accounts payable totaled \$3,343,462 and \$0 for the fiscal years ended June 30, 2023 and 2022, respectively.		
Acquisition of capital assets through retainage payable totaled \$353,022 and \$0 for the fiscal years ended June 30, 2023 and 2022, respectively.		

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,275,980	\$ 1,137,360
Investments	1,788,119	2,094,210
Accounts receivable (net)	<u>232,677</u>	<u>219,010</u>
Total current assets	<u>3,296,776</u>	<u>3,450,580</u>
Noncurrent assets		
Capital assets		
Buildings	25,051	25,051
Vehicles and equipment	4,732,539	4,697,157
Accumulated depreciation	<u>(2,644,237)</u>	<u>(2,043,763)</u>
Total capital assets (net of accumulated depreciation)	<u>2,113,353</u>	<u>2,678,445</u>
Total assets	<u>5,410,129</u>	<u>6,129,025</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	340,498	192,413
Deferred outflows related to other post employment benefits	<u>222,607</u>	<u>247,231</u>
Total deferred outflows of resources	<u>563,105</u>	<u>439,644</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	30,708	40,481
Interest	25,019	31,785
Intergovernmental	136,891	50,095
Accrued salaries	20,218	50,741
Compensated absences	48,267	45,814
Notes payable	<u>754,500</u>	<u>285,649</u>
Total current liabilities	<u>1,015,603</u>	<u>504,565</u>
Noncurrent liabilities		
Compensated absences	5,363	5,090
Notes payable	159,188	913,688
Net pension liability	711,143	371,008
Net OPEB liability	<u>910,234</u>	<u>1,283,961</u>
Total noncurrent liabilities	<u>1,785,928</u>	<u>2,573,747</u>
Total liabilities	<u>2,801,531</u>	<u>3,078,312</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	66,351	229,136
Deferred inflows related to other post employment benefits	<u>407,753</u>	<u>152,779</u>
Total deferred inflows of resources	<u>474,104</u>	<u>381,915</u>
NET POSITION		
Net investment in capital assets	1,199,665	1,479,108
Unrestricted	<u>1,497,934</u>	<u>1,629,334</u>
Total net position	<u>\$ 2,697,599</u>	<u>\$ 3,108,442</u>

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Charges for sales and services	\$ 3,197,533	\$ 3,054,103
Other	16,111	12,586
Total operating revenues	3,213,644	3,066,689
OPERATING EXPENSES		
Costs of sales and services	810,912	537,031
Costs of sales and services - landfill	593,726	556,096
Personal services	1,612,872	1,543,782
Depreciation	600,473	489,833
Total operating expenses	3,617,983	3,126,742
Operating income (loss)	(404,339)	(60,053)
Non-operating revenues (expenses)		
Investment revenue	40,521	(72,673)
Interest expense	(43,395)	(73,828)
Gain (loss) on sale of capital assets	0	10,221
Total non-operating revenues (expenses)	(2,874)	(136,280)
Net income (loss) before transfers	(407,213)	(196,333)
Transfers in (out)		
Grants Special Revenue Fund	(3,630)	0
Change in net position	(410,843)	(196,333)
Net position, July 1	3,108,442	3,304,775
Net position, June 30	\$ 2,697,599	\$ 3,108,442

CITY OF GAINESVILLE, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 3,183,866	\$ 3,015,904
Payments to suppliers	(1,327,615)	(1,045,454)
Payments to employees	(1,705,533)	(1,593,744)
Other receipts	16,111	12,586
	<u>166,829</u>	<u>389,292</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital and related financing activities:		
Payments to other funds	(3,630)	0
	<u>(3,630)</u>	<u>0</u>
Net cash provided (used) by non-capital financing activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(35,381)	(1,764,339)
Proceeds from sale of capital assets	0	10,220
Interest paid	(50,161)	(42,043)
Proceeds from notes payable	0	1,654,828
Principal payments - notes payable	(285,649)	(455,491)
	<u>(371,191)</u>	<u>(596,825)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Receipts of investment revenue	64,435	14,753
Proceeds from sale of investments	709,882	890,651
Purchase of investments	(427,705)	(1,738,017)
	<u>346,612</u>	<u>(832,613)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	138,620	(1,040,146)
Cash and cash equivalents, July 1	<u>1,137,360</u>	<u>2,177,506</u>
Cash and cash equivalents, June 30	<u>\$ 1,275,980</u>	<u>\$ 1,137,360</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (404,339)	\$ (60,053)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	600,473	489,833
(Increase) decrease in accounts receivable	(13,667)	(38,199)
(Increase) decrease in deferred outflows of resources	(123,461)	(10,581)
Increase (decrease) in accounts payable	(9,773)	24,131
Increase (decrease) in intergovernmental payable	86,796	23,542
Increase (decrease) in accrued payroll liabilities	(27,797)	(20,045)
Increase (decrease) in net pension liability	340,135	10,813
Increase (decrease) in deferred inflows of resources	92,189	(69,188)
Increase (decrease) in net OPEB liability	(373,727)	39,039
	<u>571,168</u>	<u>449,345</u>
Total adjustments		
Net cash used by operating activities	<u>\$ 166,829</u>	<u>\$ 389,292</u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 422,665	\$ 26,043
Investments	590,370	45,287
Accounts receivable		
Accounts	78,936	34,783
Other	2,884	431,067
Total current assets	<u>1,094,855</u>	<u>537,180</u>
Noncurrent assets		
Property held for development	39,709	59,403
Capital assets		
Land	49,084	49,084
Land improvements	7,339,250	7,339,250
Buildings	1,294,197	1,294,197
Vehicles and equipment	1,056,414	1,056,414
Construction in progress	1,309	0
Intangible right-to-use assets		
Equipment	192,602	192,602
Accumulated depreciation/amortization	<u>(6,396,859)</u>	<u>(5,856,493)</u>
Total noncurrent assets	<u>3,575,706</u>	<u>4,134,457</u>
Total assets	<u>4,670,561</u>	<u>4,671,637</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	10,707	16,293
Deferred outflows related to pensions	79,044	46,106
Deferred outflows related to other post employment benefits	45,574	52,202
Total deferred outflows of resources	<u>135,325</u>	<u>114,601</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	51,722	57,839
Sales tax	16,324	14,293
Interest	3,341	4,366
Accrued salaries	11,794	33,163
Compensated absences	40,070	33,778
Lease payable	38,042	36,451
Contracts payable	290,000	280,000
Other liabilities	61,150	52,789
Total current liabilities	<u>512,443</u>	<u>512,679</u>
Noncurrent liabilities		
Compensated absences	4,452	3,753
Net pension liability	83,379	1,177
Net OPEB liability	179,329	279,948
Lease payable	88,217	126,258
Contracts payable	595,000	885,000
Total noncurrent liabilities	<u>950,377</u>	<u>1,296,136</u>
Total liabilities	<u>1,462,820</u>	<u>1,808,815</u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	\$ 9,456	\$ 56,335
Deferred inflows related to other post employment benefits	101,014	32,368
Total deferred inflows of resources	<u>110,470</u>	<u>88,703</u>
NET POSITION		
Net investment in capital assets	2,535,445	2,747,152
Restricted for capital outlay	63,441	52,803
Unrestricted	633,710	88,765
Total net position	<u>\$ 3,232,596</u>	<u>\$ 2,888,720</u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for sales and services		
Greens fees	\$ 1,028,161	\$ 630,988
Cart fees	540,020	325,523
Handicap fees	24,000	21,920
Practice range	118,785	85,175
Contributions	0	5,000
Rent revenue	12,300	9,550
Other	10,985	919
	<u>1,734,251</u>	<u>1,079,075</u>
OPERATING EXPENSES		
Costs of sales and services	501,999	493,274
Personal services	766,173	633,326
Depreciation	540,366	334,809
	<u>1,808,538</u>	<u>1,461,409</u>
Operating income (loss)	<u>(74,287)</u>	<u>(382,334)</u>
Non-operating revenues (expenses)		
Investment revenue	17,063	(69)
Interest expense	(37,345)	(44,689)
Gain (loss) on sale of capital assets	3,889	0
Gain on sale of property held for development	403,306	1,615,940
	<u>386,913</u>	<u>1,571,182</u>
Net income (loss) before transfers	312,626	1,188,848
Transfers in (out)		
General Fund	31,250	40,360
Change in net position	343,876	1,229,208
Net position, July 1	<u>2,888,720</u>	<u>1,659,512</u>
Net position, June 30	<u><u>\$ 3,232,596</u></u>	<u><u>\$ 2,888,720</u></u>

CITY OF GAINESVILLE, GEORGIA
CHATTAHOOCHEE GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Receipts from customers	\$ 1,668,843	\$ 1,047,515
Payments to suppliers	(483,269)	(798,255)
Payments to employees	(803,510)	(633,172)
Other receipts	23,285	15,469
Net cash provided (used) by operating activities	<u>405,349</u>	<u>(368,443)</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>31,250</u>	<u>40,360</u>
Net cash provided (used) by non-capital financing activities	<u>31,250</u>	<u>40,360</u>
Cash flows from capital and related financing activities:		
Interest paid	(32,784)	(39,439)
Principal payments - contracts payable	(280,000)	(275,000)
Principal payments - leases payable	(36,450)	(29,893)
Proceeds from leases payable	0	192,602
Payment of capital related accounts payable	(16,486)	0
Payment of capital related retainages payable	0	(91,111)
Proceeds from sale of capital assets	3,889	0
Acquisition of capital assets	(1,309)	(1,042,947)
Net cash provided (used) by capital and related financing activities	<u>(363,140)</u>	<u>(1,285,788)</u>
Cash flows from investing activities:		
Receipts of investment revenue	16,031	14
Proceeds from sale of property held for development	851,183	1,254,286
Proceeds from sale of investments	234,672	117,920
Purchase of investments	(778,723)	(83)
Net cash provided (used) by operating activities	<u>323,163</u>	<u>1,372,137</u>
Net increase (decrease) in cash and cash equivalents	396,622	(241,734)
Cash and cash equivalents, July 1	<u>26,043</u>	<u>267,777</u>
Cash and cash equivalents, June 30	<u>\$ 422,665</u>	<u>\$ 26,043</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (74,287)</u>	<u>\$ (382,334)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	540,366	334,809
(Increase) decrease in accounts receivable	(44,153)	(28,776)
(Increase) decrease in deferred outflows of resources	(26,310)	(3,515)
Increase (decrease) in accounts payable	10,369	(308,335)
Increase (decrease) in sales tax payable	2,030	12,685
Increase (decrease) in accrued salaries and benefits	(14,378)	16,586
Increase (decrease) in other liabilities	8,361	3,354
Increase (decrease) in net OPEB liability	(100,618)	8,365
Increase (decrease) in deferred inflows of resources	21,767	30,052
Increase (decrease) in net pension liability	82,202	(51,334)
Total adjustments	<u>479,636</u>	<u>13,891</u>
Net cash provided (used) by operating activities	<u>\$ 405,349</u>	<u>\$ (368,443)</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$0 and \$16,486 for the fiscal years ended June 30, 2023 and 2022, respectively.

INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods and services provided to the departments of the government on a cost reimbursement basis.

General Insurance Fund - *This fund is used to account for property, liability, and workers' compensation insurance provided to the City departments.*

Employee Benefits Fund - *This fund is used to account for the cost of providing life and health insurance benefits to City employees and participating dependents.*

Vehicle Services Fund - *This fund is used to account for the cost of providing maintenance and repairs on all City owned vehicles.*

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 730,633	\$ 626,150
Investments	1,024,047	1,153,125
Accounts receivable	7,275	1,760
Other assets	121,153	99,675
Total assets	<u>1,883,108</u>	<u>1,880,710</u>
LIABILITIES		
Current liabilities		
Accounts payable	7,244	1,760
Claims reserves	1,166,640	1,193,468
Total liabilities	<u>1,173,884</u>	<u>1,195,228</u>
NET POSITION		
Unrestricted	<u>\$ 709,224</u>	<u>\$ 685,482</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Interfund services provided	\$ 1,697,349	\$ 1,565,150
Other	420,685	58,378
Total operating revenue	<u>2,118,034</u>	<u>1,623,528</u>
OPERATING EXPENSES		
Costs of services		
Insurance	1,204,221	1,101,416
Claims	380,770	279,185
Administrative fees	269,964	210,817
Total operating expenses	<u>1,854,955</u>	<u>1,591,418</u>
Operating income (loss)	263,079	32,110
Non-operating revenues (expenses)		
Investment revenue (expense)	23,741	(33,728)
Net income (loss) before transfers	<u>286,820</u>	<u>(1,618)</u>
Transfers in (out)		
General Fund	(7,275)	(18,723)
Police Service Fund	(40,844)	(13,388)
Department of Water Resources Fund	(214,959)	0
Total transfers in (out)	<u>(263,078)</u>	<u>(32,111)</u>
Change in net position	23,742	(33,729)
Net position, July 1	<u>685,482</u>	<u>719,211</u>
Net position, June 30	<u>\$ 709,224</u>	<u>\$ 685,482</u>

CITY OF GAINESVILLE, GEORGIA
GENERAL INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 1,691,834	\$ 1,563,390
Payments to suppliers	(1,897,777)	(1,714,781)
Other receipts	420,685	58,378
	<u>214,742</u>	<u>(93,013)</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Payments to other funds	(263,078)	(32,111)
	<u>(263,078)</u>	<u>(32,111)</u>
Cash flows from investing activities:		
Investment revenue	32,236	7,603
Proceeds from sale of investments	404,809	492,038
Purchase of investments	(284,226)	(950,077)
	<u>152,819</u>	<u>(450,436)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	104,483	(575,560)
Cash and cash equivalents, July 1	626,150	1,201,710
Cash and cash equivalents, June 30	<u>\$ 730,633</u>	<u>\$ 626,150</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 263,079	\$ 32,110
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(5,515)	(1,760)
(Increase) decrease in other assets	(21,478)	(22,225)
Increase (decrease) in accounts payable	5,484	(103,108)
Increase (decrease) in claims reserve	(26,828)	1,970
	<u>(48,337)</u>	<u>(125,123)</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ 214,742</u>	<u>\$ (93,013)</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,309,424	\$ 1,244,485
Investments	1,835,276	2,291,856
Accounts receivable	176,645	1,814
Prepaid items	13,000	13,000
	<u>3,334,345</u>	<u>3,551,155</u>
Total assets		
LIABILITIES		
Current liabilities		
Accounts payable	422,791	90,238
Deposits payable	198,935	182,004
Claims reserves	592,412	575,938
	<u>1,214,138</u>	<u>848,180</u>
Total liabilities		
NET POSITION		
Unrestricted	<u>\$ 2,120,207</u>	<u>\$ 2,702,975</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Interfund services provided	\$ 11,396,951	\$ 9,484,841
OPERATING EXPENSES		
Costs of services		
Insurance	1,669,180	1,528,759
Claims	7,938,299	6,553,061
Wellness program	1,996,349	1,616,997
Administrative fees	404,156	523,165
Total operating expenses	<u>12,007,984</u>	<u>10,221,982</u>
Operating income (loss)	(611,033)	(737,141)
Non-operating revenues (expenses)		
Investment revenue (expense)	28,265	(67,013)
Change in net position	(582,768)	(804,154)
Net position, July 1	<u>2,702,975</u>	<u>3,507,129</u>
Net position, June 30	<u>\$ 2,120,207</u>	<u>\$ 2,702,975</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 11,222,120	\$ 9,523,877
Payments to suppliers	<u>(11,642,026)</u>	<u>(10,400,954)</u>
Net cash provided (used) by operating activities	<u>(419,906)</u>	<u>(877,077)</u>
Cash flows from investing activities:		
Investment revenue	54,055	15,178
Proceeds from sale of investments	686,414	921,792
Purchase of investments	<u>(255,624)</u>	<u>(1,593,387)</u>
Net cash provided (used) by investing activities	<u>484,845</u>	<u>(656,417)</u>
Net increase (decrease) in cash and cash equivalents	64,939	(1,533,494)
Cash and cash equivalents, July 1	<u>1,244,485</u>	<u>2,777,979</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,309,424</u></u>	<u><u>\$ 1,244,485</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (611,033)</u>	<u>\$ (737,141)</u>
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(174,831)	39,036
Increase (decrease) in accounts payable	332,553	22,774
Increase (decrease) in deposits payable	16,931	27,802
Increase (decrease) in claims reserve	<u>16,474</u>	<u>(229,548)</u>
Total adjustments	<u>191,127</u>	<u>(139,936)</u>
Net cash provided (used) by operating activities	<u><u>\$ (419,906)</u></u>	<u><u>\$ (877,077)</u></u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 133,672	\$ 125,614
Investments	186,929	230,781
Intergovernmental receivables	9,812	46,247
Inventory	117,944	124,952
	<u>448,357</u>	<u>527,594</u>
Total current assets		
Capital assets		
Buildings	266,254	266,254
Vehicles and equipment	532,849	532,849
Accumulated depreciation	(736,140)	(705,087)
	<u>62,963</u>	<u>94,016</u>
Capital assets (net of accumulated depreciation)		
Total assets	<u>511,320</u>	<u>621,610</u>
LIABILITIES		
Current liabilities		
Accounts payable	64,728	167,182
Accrued salaries	6,744	17,210
Compensated absences	30,170	27,803
	<u>101,642</u>	<u>212,195</u>
Total current liabilities		
Noncurrent liabilities		
Compensated absences	3,352	3,089
	<u>3,352</u>	<u>3,089</u>
Total liabilities	<u>104,994</u>	<u>215,284</u>
NET POSITION		
Investment in capital assets	62,963	94,016
Unrestricted	343,363	312,310
	<u>406,326</u>	<u>406,326</u>
Total net position	<u>\$ 406,326</u>	<u>\$ 406,326</u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Interfund services provided	\$ 2,717,489	\$ 2,510,641
Other	0	245
Total operating revenues	<u>2,717,489</u>	<u>2,510,886</u>
OPERATING EXPENSES		
Costs of services	2,196,665	2,087,772
Personal services	489,771	434,090
Depreciation	31,053	31,634
Total operating expenses	<u>2,717,489</u>	<u>2,553,496</u>
Operating income (loss)	0	(42,610)
Non-operating revenues (expenses)		
Gain (loss) on sale of capital assets	0	3,151
Net income (loss) before transfers	0	(39,459)
Transfers in (out)		
General Government Capital Projects Fund	0	39,459
Change in net position	0	0
Net position, July 1	<u>406,326</u>	<u>406,326</u>
Net position, June 30	<u><u>\$ 406,326</u></u>	<u><u>\$ 406,326</u></u>

CITY OF GAINESVILLE, GEORGIA
VEHICLE SERVICES FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 2,753,924	\$ 2,472,780
Payments to suppliers	(2,292,111)	(2,050,444)
Payments to employees	(497,608)	(428,274)
Other receipts	0	245
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	(35,795)	(5,693)
	<u> </u>	<u> </u>
Cash flows from capital and related financing activities:		
Receipts from other funds	0	39,459
Acquisition of capital assets	0	(39,459)
Sale of capital assets	0	3,151
	<u> </u>	<u> </u>
Net cash provided (used) by capital and related financing activities	0	3,151
	<u> </u>	<u> </u>
Cash flows from investing activities:		
Proceeds from sale of investments	76,268	99,653
Purchase of investments	(32,415)	(194,165)
	<u> </u>	<u> </u>
Net cash provided (used) by investing activities	43,853	(94,512)
	<u> </u>	<u> </u>
Net increase (decrease) in cash and cash equivalents	8,058	(97,054)
	<u> </u>	<u> </u>
Cash and cash equivalents, July 1	125,614	222,668
	<u> </u>	<u> </u>
Cash and cash equivalents, June 30	<u>\$ 133,672</u>	<u>\$ 125,614</u>
	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 0	\$ (42,610)
	<u> </u>	<u> </u>
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation expense	31,053	31,634
(Increase) decrease in intergovernmental receivables	36,435	(37,861)
(Increase) decrease in inventory	7,008	(28,339)
Increase (decrease) in accounts payable	(102,454)	65,667
Increase (decrease) in accrued salaries and benefits	(7,837)	5,816
	<u> </u>	<u> </u>
Total adjustments	(35,795)	36,917
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>\$ (35,795)</u>	<u>\$ (5,693)</u>
	<u> </u>	<u> </u>

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as a trustee or custodian to be expended or invested in accordance with the conditions of a trust or in its custodial capacity.

Trust Funds

Community Private-Purpose Trust Fund - *This is a private-purpose trust fund whereby City of Gainesville employees make voluntary donations to provide assistance to local families and individuals in need, as well as contribute funding to both local and national nonprofit agencies.*

Employees' Pension Trust Fund - *This is a pension trust fund used to account for a single employer retirement system administered by the City for the benefit of its eligible employees.*

Custodial Fund

Municipal Court Custodial Fund – *This fund is used to account, on a temporary basis, for fines collected by the Municipal Court that ultimately are disbursed to other parties.*

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 38,459	\$ 27,129
Accounts receivable	15,618	0
	<hr/>	<hr/>
Total assets	54,077	27,129
LIABILITIES		
Accounts payable	1,500	0
	<hr/>	<hr/>
NET POSITION		
Restricted for employee assistance	\$ 52,577	\$ 27,129
	<hr/> <hr/>	<hr/> <hr/>

CITY OF GAINESVILLE, GEORGIA
COMMUNITY PRIVATE-PURPOSE TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Employee donations	\$ 47,827	\$ 46,590
Investment revenue	1,118	4
	<u>48,945</u>	<u>46,594</u>
DEDUCTIONS		
Distributions for assistance	<u>23,497</u>	<u>56,317</u>
Change in net position	25,448	(9,723)
Net position, July 1	<u>27,129</u>	<u>36,852</u>
Net position, June 30	<u><u>\$ 52,577</u></u>	<u><u>\$ 27,129</u></u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 7,164,783	\$ 4,371,402
Investments		
Mutual funds		
Equity	76,325,137	79,453,785
Fixed income	17,957,060	19,394,978
Real estate	<u>15,812,544</u>	<u>18,438,867</u>
Total assets	<u>117,259,524</u>	<u>121,659,032</u>
LIABILITIES		
Accounts payable	<u>61,924</u>	<u>33,358</u>
NET POSITION		
Restricted for pensions	<u>\$ 117,197,600</u>	<u>\$ 121,625,674</u>

CITY OF GAINESVILLE, GEORGIA
EMPLOYEES' PENSION TRUST FUND
COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Contributions		
Employer contributions	\$ 4,227,917	\$ 3,851,093
Employee contributions	4,227,917	3,851,093
Total contributions	<u>8,455,834</u>	<u>7,702,186</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	(3,819,618)	(15,252,487)
Interest	378,399	325
Dividends	2,569,982	1,925,125
Investment expense	<u>(450,738)</u>	<u>(400,013)</u>
Net investment income (loss)	<u>(1,321,975)</u>	<u>(13,727,050)</u>
Total additions (reductions)	<u>7,133,859</u>	<u>(6,024,864)</u>
DEDUCTIONS		
Benefits	10,673,118	9,750,012
Refunds	<u>888,815</u>	<u>1,225,827</u>
Total deductions	<u>11,561,933</u>	<u>10,975,839</u>
Change in net position	(4,428,074)	(17,000,703)
Net position, July 1	<u>121,625,674</u>	<u>138,626,377</u>
Net position, June 30	<u>\$ 117,197,600</u>	<u>\$ 121,625,674</u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 107,001	\$ 83,032
LIABILITIES		
Due to others	40,056	25,950
NET POSITION		
Restricted for individuals, organizations, and other governments	<u>\$ 66,945</u>	<u>\$ 57,082</u>

CITY OF GAINESVILLE, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Fines and forfeitures collected for other governments	\$ 87,440	\$ 106,533
DEDUCTIONS		
Distributions of fines and forfeitures to other governments	<u>77,577</u>	<u>134,136</u>
Change in net position	9,863	(27,603)
Net position, July 1	<u>57,082</u>	<u>84,685</u>
Net position, June 30	<u><u>\$ 66,945</u></u>	<u><u>\$ 57,082</u></u>



GAINESVILLE

COMPONENT UNITS

Parks and Recreation - *This component unit is used to account for the government's share of tax revenues legally restricted for operation and maintenance of the government's recreation facilities and parks.*

Gainesville Convention and Visitor's Bureau - *This component unit's primary purpose is to promote tourism, conventions, and trade shows, as well as showcase the City of Gainesville as a whole.*

Gainesville-Hall County Land Bank - *This component unit's primary purpose is to acquire tax delinquent properties for future sale and development.*

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 2,443,654	\$ 1,975,250
Investments	3,704,549	4,006,984
Receivables		
Accounts	18,688	9,961
Property tax	92,465	63,875
Restricted assets		
Cash and cash equivalents	<u>228,425</u>	<u>228,425</u>
Total assets	<u><u>\$ 6,487,781</u></u>	<u><u>\$ 6,284,495</u></u>
LIABILITIES		
Payables		
Accounts	\$ 236,435	\$ 400,672
Sales tax	11,472	16,103
Retainage	16,638	0
Accrued salaries	63,765	172,109
Unearned revenue	5,750	8,000
Other	<u>22,562</u>	<u>19,524</u>
Total liabilities	<u>356,622</u>	<u>616,408</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>86,700</u>	<u>59,025</u>
FUND BALANCES		
Restricted for:		
H H Dean Park	28,425	28,425
Capital projects	1,725,700	1,160,467
Committed for:		
Booster Club	0	48,617
Development Fund	200,000	200,000
Facilities and Maintenance	90,000	50,000
Children at Play Fund	10,000	10,000
Assigned for Culture and Recreation	<u>3,990,334</u>	<u>4,111,553</u>
Total fund balances	<u>6,044,459</u>	<u>5,609,062</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 6,487,781</u></u>	<u><u>\$ 6,284,495</u></u>

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 5,793,774	\$ 6,039,590	\$ 245,816	\$ 5,285,073
Charges for sales and services				
Recreation Division	184,800	212,607	27,807	191,656
Lanier Point/Ivey Watson	208,400	207,186	(1,214)	176,614
Youth Sports Booster Club	104,200	135,474	31,274	109,014
Gainesville Civic Center	305,500	553,780	248,280	437,337
Allen Creek Soccer Complex	0	0	0	5,724
Frances Meadows Community Center	931,825	1,017,310	85,485	955,139
Intergovernmental	2,800,000	1,205,000	(1,595,000)	1,105,051
Contributions	23,000	23,601	601	31,500
Investment	36,000	114,657	78,657	(137,029)
Other	17,900	16,834	(1,066)	8,726
Total revenues	10,405,399	9,526,039	(879,360)	8,168,805
EXPENDITURES				
Current				
Culture and recreation				
Administration Division	2,133,013	1,217,418	915,595	1,181,065
Recreation Division	522,952	519,760	3,192	359,361
Parks Division	1,572,767	1,449,023	123,744	1,341,256
Maintenance Shop	156,653	151,608	5,045	142,303
Lanier Point/Ivey Watson	311,903	305,868	6,035	257,331
Youth Sports Booster Club	200,483	179,644	20,839	137,755
Gainesville Civic Center	793,809	742,332	51,477	685,569
Allen Creek Soccer Complex	0	0	0	38,828
Frances Meadows Center	2,015,714	1,977,379	38,335	1,812,192
Capital outlay	4,995,482	2,574,760	2,420,722	1,017,854
Total expenditures	12,702,776	9,117,792	3,584,984	6,973,514
Excess (deficiency) of revenues over (under) expenditures	(2,297,377)	408,247	2,705,624	1,195,291
Other financing sources (uses)				
Sale of capital assets	36,486	27,150	(9,336)	26,999
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,260,891)	435,397	2,696,288	1,222,290
Fund balances, July 1	2,260,891	5,609,062	3,348,171	4,386,772
Fund balances, June 30	\$ 0	\$ 6,044,459	\$ 6,044,459	\$ 5,609,062

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
OPERATING ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Property taxes	\$ 5,793,774	\$ 6,039,590	\$ 245,816	\$ 5,285,073
Charges for sales and services				
Recreation Division	184,800	212,607	27,807	191,656
Lanier Point/Ivey Watson	208,400	207,186	(1,214)	176,614
Youth Sports Booster Club	104,200	135,474	31,274	109,014
Gainesville Civic Center	305,500	553,780	248,280	437,337
Allen Creek Soccer Complex	0	0	0	5,724
Frances Meadows Center	931,825	1,017,310	85,485	955,139
Intergovernmental	1,670,000	0	(1,670,000)	0
Investment	36,000	114,657	78,657	(137,029)
Contributions	23,000	23,601	601	31,500
Other	17,900	16,831	(1,069)	8,724
Total revenues	9,275,399	8,321,036	(954,363)	7,063,752
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	2,133,013	1,217,418	915,595	1,181,065
Recreational services	522,952	519,760	3,192	359,361
Park services	1,572,767	1,449,023	123,744	1,341,256
Maintenance shop	156,653	151,608	5,045	142,303
Lanier Point/Ivey Watson	311,903	305,868	6,035	257,331
Booster Club	200,483	179,644	20,839	137,755
Civic Center	793,809	742,332	51,477	685,569
Allen Creek Soccer Complex	0	0	0	38,828
Frances Meadows Center	2,015,714	1,977,376	38,338	1,812,190
Total expenditures	7,707,294	6,543,029	1,164,265	5,955,658
Excess (deficiency) of revenues over (under) expenditures	1,568,105	1,778,007	209,902	1,108,094
Other financing sources (uses)				
Transfers in (out)				
Capital Projects Activity	(1,928,777)	(1,928,777)	0	(1,575,000)
Sales of capital assets	36,486	27,150	(9,336)	26,999
Total other financing sources (uses)	(1,892,291)	(1,901,627)	(9,336)	(1,548,001)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(324,186)	\$ (123,620)	\$ 200,566	\$ (439,907)
Fund balances, July 1	324,186			
Fund balances, June 30	\$ 0			

CITY OF GAINESVILLE, GEORGIA
PARKS AND RECREATION (A COMPONENT UNIT)
CAPITAL PROJECTS ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 1,130,000	\$ 1,205,000	\$ 75,000	\$ 1,105,051
EXPENDITURES				
Current				
Culture and recreation				
Capital outlay	4,995,482	2,574,760	2,420,722	1,017,854
Excess (deficiency) of revenues over (under) expenditures	(3,865,482)	(1,369,760)	2,495,722	87,197
Other financing sources (uses)				
Transfers in (out)				
Operating Activity	1,928,777	1,928,777	0	1,575,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,936,705)	\$ 559,017	\$ 2,495,722	\$ 1,662,197
Fund balances, July 1	1,936,705			
Fund balances, June 30	\$ 0			

CITY OF GAINESVILLE, GEORGIA
CONVENTION AND VISITOR'S BUREAU (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 719,556	\$ 333,380
Investments	1,012,309	613,404
Accounts receivable	10,521	23,294
Prepaid items	0	1,500
	<u>0</u>	<u>1,500</u>
Total assets	<u>\$ 1,742,386</u>	<u>\$ 971,578</u>
LIABILITIES		
Accounts payable	\$ 67,146	\$ 94,990
Accrued salaries	13,187	33,037
Other liabilities	400	400
Unearned revenue	13,658	6,505
	<u>13,658</u>	<u>6,505</u>
Total liabilities	<u>94,391</u>	<u>134,932</u>
FUND BALANCES		
Nonspendable	0	1,500
Restricted for Housing and Development	5,255	5,255
Assigned for:		
Housing and Development	1,642,740	829,891
	<u>1,642,740</u>	<u>829,891</u>
Total fund balances	<u>1,647,995</u>	<u>836,646</u>
Total liabilities and fund balances	<u>\$ 1,742,386</u>	<u>\$ 971,578</u>

CITY OF GAINESVILLE, GEORGIA
CONVENTION AND VISITOR'S BUREAU (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 1,939,655	\$ 1,939,655	\$ 0	\$ 1,149,940
Charges for sales and services	59,891	87,043	27,152	64,378
Investment revenue	800	10,421	9,621	(10,550)
Contributions	225,818	273,877	48,059	251,202
Rental revenue	24,000	26,904	2,904	26,904
Other	6,000	31,702	25,702	86,679
Total revenues	2,256,164	2,369,602	113,438	1,568,553
EXPENDITURES				
Current				
Housing and Development				
Personal services	879,729	885,049	(5,320)	727,822
Other	1,403,435	673,204	730,231	591,098
Total expenditures	2,283,164	1,558,253	724,911	1,318,920
Excess (deficiency) of revenues over (under) expenditures	(27,000)	811,349	838,349	249,633
Fund balances, July 1	27,000	836,646	809,646	587,013
Fund balances, June 30	\$ 0	\$ 1,647,995	\$ 1,647,995	\$ 836,646

CITY OF GAINESVILLE, GEORGIA
GAINESVILLE-HALL COUNTY LAND BANK (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 380,674	\$ 0
Property held for development	<u>269,808</u>	<u>254,808</u>
Total assets	<u>\$ 650,482</u>	<u>\$ 254,808</u>
LIABILITIES		
Due to other funds	\$ 130,230	\$ 130,230
FUND BALANCES		
Assigned for Housing and Development	<u>520,252</u>	<u>124,578</u>
Total liabilities and fund balances	<u>\$ 650,482</u>	<u>\$ 254,808</u>

CITY OF GAINESVILLE, GEORGIA
GAINESVILLE-HALL COUNTY LAND BANK (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2023
(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 397,793	\$ 397,793	\$ 0	\$ 50,000
Total revenues	<u>397,793</u>	<u>397,793</u>	<u>0</u>	<u>50,000</u>
EXPENDITURES				
Current				
Housing and Development				
Other	397,793	2,119	395,674	422
Total expenditures	<u>397,793</u>	<u>2,119</u>	<u>395,674</u>	<u>422</u>
Excess (deficiency) of revenues over (under) expenditures	0	395,674	395,674	49,578
Fund balances, July 1	<u>0</u>	<u>124,578</u>	<u>124,578</u>	<u>75,000</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 520,252</u>	<u>\$ 520,252</u>	<u>\$ 124,578</u>



GAINESVILLE

STATISTICAL SECTION



GAINESVILLE

CITY OF GAINESVILLE, GEORGIA
Introduction to the Statistical Section

(Unaudited)

This part of the City of Gainesville’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information reveals about the City’s overall financial health.

Contents **Pages**

Financial Trends.....231-244

These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.

Revenue Capacity.....245-252

These tables/schedules contain information that may assist the reader in assessing the viability of the City’s most significant revenue sources.

Debt Capacity.....253-259

These tables/schedules present information designed to assist the reader in analyzing the affordability of the City’s current levels of outstanding debt, and the City’s ability to issue additional debt in the future.

Demographic and Economic Information.....260-261

These tables/schedules offer demographic, economic and statistical information intended to assist the reader in understanding the environment in which the City’s financial activities take place.

Operating Information.....262-266

These tables/schedules contain service and infrastructure data to assist the reader in understanding how the information in the City’s financial report relates to the services the government provides and the activities it performs.

Miscellaneous Information.....267-274

These tables/schedules present various data relevant to the overall City and are intended to supply the reader with additional information regarding the City’s facilities and services, as well as provide data that is required by bond covenants.

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial report for the relevant year.

CITY OF GAINESVILLE, GEORGIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 80,039,885	\$ 78,338,733	\$ 78,415,202	\$ 77,972,132
Restricted	4,642,578	6,827,434	12,149,291	14,551,356
Unrestricted	<u>10,217,825</u>	<u>(14,451,203)</u>	<u>(17,773,240)</u>	<u>(15,275,584)</u>
Total governmental activities net position	<u>\$ 94,900,288</u>	<u>\$ 70,714,964</u>	<u>\$ 72,791,253</u>	<u>\$ 77,247,904</u>
Business-type activities				
Net investment in capital assets	\$ 295,579,225	\$ 303,250,676	\$ 314,735,292	\$ 330,315,818
Restricted	43,776,271	50,230,260	62,960,499	70,511,931
Unrestricted	<u>18,915,019</u>	<u>12,067,163</u>	<u>12,598,780</u>	<u>19,773,475</u>
Total business-type activities net position	<u>\$ 358,270,515</u>	<u>\$ 365,548,099</u>	<u>\$ 390,294,571</u>	<u>\$ 420,601,224</u>
Primary government				
Net investment in capital assets	\$ 375,619,110	\$ 381,589,409	\$ 393,150,494	\$ 408,287,950
Restricted	48,418,849	57,057,694	75,109,790	85,063,287
Unrestricted	<u>29,132,844</u>	<u>(2,384,040) ⁽¹⁾</u>	<u>(5,174,460) ⁽¹⁾</u>	<u>4,497,891</u>
Total primary government net position	<u>\$ 453,170,803</u>	<u>\$ 436,263,063</u>	<u>\$ 463,085,824</u>	<u>\$ 497,849,128</u>

Note (1): GASB 67/68: Accounting and Financial Reporting for Pensions was implemented in FY15.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 85,186,895	\$ 85,297,394	\$ 90,462,073	\$ 96,131,153	\$ 106,806,030	\$ 106,636,895
20,319,574	20,966,754	24,133,297	27,732,529	26,614,795	31,428,129
<u>(15,504,902)</u>	<u>(7,332,782)</u>	<u>(8,799,994)</u>	<u>(6,773,564)</u>	<u>1,601,999</u>	<u>15,013,097</u>
<u>\$ 90,001,567</u>	<u>\$ 98,931,366</u>	<u>\$ 105,795,376</u>	<u>\$ 117,090,118</u>	<u>\$ 135,022,824</u>	<u>\$ 153,078,121</u>
\$ 356,428,961	\$ 374,995,209	\$ 402,469,168	\$ 425,024,543	\$ 453,946,820	\$ 480,712,252
71,639,180	74,904,467	75,163,386	81,518,990	93,506,224	104,441,536
<u>17,937,185</u>	<u>25,220,109</u>	<u>26,528,099</u>	<u>31,035,026</u>	<u>24,848,971</u>	<u>26,683,129</u>
<u>\$ 446,005,326</u>	<u>\$ 475,119,785</u>	<u>\$ 504,160,653</u>	<u>\$ 537,578,559</u>	<u>\$ 572,302,015</u>	<u>\$ 611,836,917</u>
\$ 441,615,856	\$ 460,292,603	\$ 492,931,241	\$ 521,155,696	\$ 560,752,850	\$ 587,349,147
91,958,754	95,871,221	99,296,683	109,251,519	120,121,019	135,869,665
<u>2,432,283</u>	<u>17,887,327</u>	<u>17,728,105</u>	<u>24,261,462</u>	<u>26,450,970</u>	<u>41,696,226</u>
<u>\$ 536,006,893</u>	<u>\$ 574,051,151</u>	<u>\$ 609,956,029</u>	<u>\$ 654,668,677</u>	<u>\$ 707,324,839</u>	<u>\$ 764,915,038</u>

CITY OF GAINESVILLE, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Expenses	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
General Government	\$ 3,933,108	\$ 3,675,464	\$ 4,368,490	\$ 6,429,519 ⁽¹⁾
Judicial	510,221	486,947	523,970	544,083
Public Safety	18,460,345	17,460,335	19,480,809	18,168,500 ⁽²⁾
Public Works	8,900,466	8,745,852	10,317,369	7,199,267 ⁽¹⁾
Health and Welfare	3,173,758	2,765,034	2,591,485	2,726,152
Culture and Recreation	224,853	440,482	436,250	348,180
Housing and Development	1,591,303	2,136,524	2,406,705	3,769,857 ⁽²⁾
Interest on long-term debt	883,628	1,198,530	533,058	619,743
Total governmental activities expenses	37,677,682	36,909,168	40,658,136	39,805,301
Business-type activities:				
Water and Sewer	47,020,782	46,183,666	47,333,997	46,270,110
Airport	1,014,521	1,045,716	1,109,029	1,526,612
Solid Waste	1,965,935	2,072,012	2,210,416	2,195,951
Golf Course	1,234,260	1,287,229	1,290,865	1,304,992
Total business-type activities expenses	51,235,498	50,588,623	51,944,307	51,297,665
Total primary government expenses	\$ 88,913,180	\$ 87,497,791	\$ 92,602,443	\$ 91,102,966
Indirect Costs				
Governmental activities:				
General Government	(1,390,442)	(1,394,235)	(1,376,788)	(1,370,895)
Business-type activities:				
Water and Sewer	1,034,429	1,038,222	1,020,775	1,014,882
Airport	209,561	209,561	209,561	209,561
Solid Waste	146,452	146,452	146,452	146,452
Total Business-type activities indirect cost	1,390,442	1,394,235	1,376,788	1,370,895
Total primary government indirect cost	\$ 0	\$ 0	\$ 0	\$ 0
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 674,536	\$ 723,777	\$ 719,185	\$ 748,458
Public Safety	1,639,954	1,930,830	1,735,868	1,944,818
Public Works	90,135	129,956	134,580	219,680
Health and Welfare	423,368	134,570	144,162	106,322
Housing and Development	661,299	1,057,304	1,216,162	2,259,780 ⁽³⁾
Culture and Recreation	0	0	0	0
Operating grants and contributions	2,813,369	2,577,766	2,782,085	3,602,699
Capital grants and contributions	2,044,189	2,322,290	6,087,822	7,932,793
Total governmental activities program revenues	8,346,850	8,876,493	12,819,864	16,814,550
Business-Type activities:				
Charges for services:				
Water and Sewer	58,759,620	64,315,416	66,596,028	71,521,460
Airport	944,120	897,226	925,009	919,344
Solid Waste	2,369,815	2,462,485	2,619,559	2,769,222
Golf Course	992,168	983,932	1,034,234	1,089,431
Operating grants and contributions	0	0	0	0
Capital grants and contributions	8,646,783	8,445,809	9,142,616	9,020,084
Total business-type activities program revenues	71,712,506	77,104,868	80,317,446	85,319,541
Total primary government program revenues	\$ 80,059,356	\$ 85,981,361	\$ 93,137,310	\$ 102,134,091

- Note (1): Effective FY17, PLB expenses were included in General Government, in prior years these expenses were charged to Public Works.
- Note (2): Effective FY17, Code Enforcement expenses were included in Housing and Development, in prior years these expenses were charged to Public Safety.
- Note (3): Level Two SPLOST funds from Hall County.
- Note (4): Significant increase due to large repair and maintenance expenses for Water and Sewer.
- Note (5): Significant increase due to \$1.9 million in CARES assistance; \$730,702 in American Rescue Plan grants.
- Note (6): Significant increase due to \$1 million in transportation grants; substantial increase in SPLOST proceeds.
- Note (7): Significant increase due to \$8.5 million in American Rescue Plan Grant; substantial increase in SPLOST proceeds.
- Note (8): Significant increase due to \$7.6 million spent towards the J. Melvin Cooper Youth Sports Complex.

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 7,228,783	\$ 7,672,674	\$ 7,171,633	\$ 7,647,641	\$ 10,946,609	\$ 9,795,955	
544,453	556,125	617,082	556,743	651,673	690,774	
19,918,725	19,889,133	20,338,623	17,735,745	23,588,972	24,855,967	
6,908,200	11,350,947	7,973,739	9,727,865	12,380,025	8,723,597	
2,416,453	2,484,051	2,649,162	3,137,292	3,220,549	3,820,462	
415,439	628,343	3,622,553	1,957,824	3,661,245	9,545,794 ⁽⁸⁾	
2,683,936	3,481,766	4,162,912	4,264,670	5,242,108	6,139,635	
509,730	652,514	688,833	589,483	547,859	1,640,686	
<u>40,625,719</u>	<u>46,715,553</u>	<u>47,224,537</u>	<u>45,617,263</u>	<u>60,239,040</u>	<u>65,212,870</u>	
52,940,044 ⁽⁴⁾	54,113,056 ⁽⁴⁾	54,006,176	55,179,213	55,337,045	61,182,395	
1,091,970	1,296,607	1,103,436	890,229	889,584	980,595	
2,274,033	2,400,048	2,852,637	2,866,847	3,054,118	3,514,926	
1,356,195	1,307,389	1,387,413	1,330,107	1,506,098	1,845,883	
<u>57,662,242</u>	<u>59,117,100</u>	<u>59,349,662</u>	<u>60,266,396</u>	<u>60,786,845</u>	<u>67,523,799</u>	
<u>\$ 98,287,961</u>	<u>\$ 105,832,653</u>	<u>\$ 106,574,199</u>	<u>\$ 105,883,659</u>	<u>\$ 121,025,885</u>	<u>\$ 132,736,669</u>	
(1,398,722)	(1,444,339)	(1,643,584)	(1,646,319)	(1,707,364)	(1,808,744)	
1,042,707	1,088,326	1,287,571	1,290,306	1,351,351	1,452,731	
209,563	209,561	209,561	209,561	209,561	209,561	
146,452	146,452	146,452	146,452	146,452	146,452	
<u>1,398,722</u>	<u>1,444,339</u>	<u>1,643,584</u>	<u>1,646,319</u>	<u>1,707,364</u>	<u>1,808,744</u>	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
\$ 762,256	\$ 794,308	\$ 792,355	\$ 867,964	\$ 1,138,304	\$ 1,007,585	
1,680,375	1,740,436	1,211,250	1,437,516	1,555,112	1,820,068	
198,769	216,335	224,940	324,790	302,985	328,518	
93,300	93,394	62,333	29,568	1,337,702	1,742,830	
1,858,414 ⁽³⁾	1,808,750	1,554,688	2,000,571	4,935,499	3,013,793	
0	0	0	0	0	0	
4,397,910	2,637,112	3,306,440	6,209,389 ⁽⁵⁾	2,621,666	3,048,638	
<u>12,067,786</u>	<u>9,548,057</u>	<u>8,054,209</u>	<u>11,833,470 ⁽⁶⁾</u>	<u>21,880,646 ⁽⁷⁾</u>	<u>17,113,083</u>	
<u>21,058,810</u>	<u>16,838,392</u>	<u>15,206,215</u>	<u>22,703,268</u>	<u>33,771,914</u>	<u>28,074,515</u>	
71,963,509	74,135,037	73,915,527	76,119,056	77,799,111	80,946,873	
931,143	975,041	996,677	1,045,854	1,109,211	1,026,770	
2,887,724	2,965,987	2,969,641	2,972,679	3,054,103	3,197,533	
1,061,026	1,063,022	1,144,461	1,007,306	1,063,606	1,710,966	
0	0	0	410,880	0	0	
<u>9,519,821</u>	<u>10,348,687</u>	<u>10,479,300</u>	<u>13,047,753</u>	<u>18,612,374</u>	<u>14,817,519</u>	
<u>86,363,223</u>	<u>89,487,774</u>	<u>89,505,606</u>	<u>94,603,528</u>	<u>101,638,405</u>	<u>101,699,661</u>	
<u>\$ 107,422,033</u>	<u>\$ 106,326,166</u>	<u>\$ 104,711,821</u>	<u>\$ 117,306,796</u>	<u>\$ 135,410,319</u>	<u>\$ 129,774,176</u>	

CITY OF GAINESVILLE, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2014	2015	2016	2017
Net (expense)/revenue				
Governmental activities	\$ (27,940,390)	\$ (26,638,440)	\$ (26,461,484)	\$ (21,619,856)
Business-type activities	19,086,566	25,122,010	26,996,351	32,650,981
Total primary government net (expense)/revenue	<u>(8,853,824)</u>	<u>(1,516,430)</u>	<u>534,867</u>	<u>11,031,125</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property	8,363,877	8,654,493	9,409,584	9,808,840
Intangibles	105,044	133,186	129,075	190,764
Franchise	4,014,946	4,371,358	4,381,245	4,501,181
Occupational	1,263,534	1,268,021	1,368,983	1,373,680
Insurance premium	1,743,745	1,823,481	1,948,090	2,203,406
Alcoholic beverages	1,022,245	1,067,611	1,129,284	1,166,259
Hotel/Motel	715,260	828,925	911,847	929,035
Local option sales	4,983,807	5,094,727	5,281,804	5,439,313
Investment earnings	246,266	142,917	72,796	2,001,892 ⁽²⁾
Gain on sale of assets	0	0	605	574,310
Miscellaneous	1,017,590 ⁽¹⁾	122,294	183,512	373,513
Special Item-loss on demolition of building	0	0	0	(6,491,937) ⁽³⁾
Transfers	3,407,947	2,395,089	3,720,948	4,006,251
Total governmental activities	<u>26,884,261</u>	<u>25,902,102</u>	<u>28,537,773</u>	<u>26,076,507</u>
Business-type activities				
Investment earnings	292,577	775,365	1,274,329	1,399,356
Gain on sale of assets	53,471	17,322	5,120	154,692
Miscellaneous	1,095,243	156,932	191,620	107,875
Transfers	(3,407,947)	(2,395,089)	(3,720,948)	(4,006,251)
Total business-type activities	<u>(1,966,656)</u>	<u>(1,445,470)</u>	<u>(2,249,879)</u>	<u>(2,344,328)</u>
Total primary government	<u>24,917,605</u>	<u>24,456,632</u>	<u>26,287,894</u>	<u>23,732,179</u>
Change in net position				
Governmental activities	(1,056,129)	(736,338)	2,076,289	4,456,651
Business-type activities	17,119,910	23,676,540	24,746,472	30,306,653
Total primary government	<u>\$ 16,063,781</u>	<u>\$ 22,940,202</u>	<u>\$ 26,822,761</u>	<u>\$ 34,763,304</u>

Note (1): Miscellaneous revenue included CCA Rental Revenue 2013 and 2014.

Note (2): Includes proceeds from the sale of Gainesville Business Park property.

Note (3): Demolition of jail facility.

Note (4): \$2.4 million is comprised of \$1.0 million from the sale of business park property, and \$1.4 million in higher returns on invested cash.

Note (5): Negative investment earnings is due to the loss on the sale of Jesse Jewell property in September 2020.

Note (6): Includes a gain of \$5 million for the sale of a lot at the 85 Business Park.

Note (7): Includes a gain of \$3.6 million for the sale of the Main Street lot.

Note (8): Includes gains of \$10.2 million for the sale of three lots at the 85 Business Park.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (18,168,187)	\$ (28,432,822)	\$ (30,374,738)	\$ (21,267,676)	\$ (24,759,762)	\$ (35,329,611)
<u>27,302,259</u>	<u>28,926,335</u>	<u>28,507,679</u>	<u>32,690,813</u>	<u>39,144,196</u>	<u>32,367,118</u>
<u>9,134,072</u>	<u>493,513</u>	<u>(1,867,059)</u>	<u>11,423,137</u>	<u>14,384,434</u>	<u>(2,962,493)</u>
10,457,466	13,975,315	14,321,981	15,778,590	12,546,447	14,620,844
213,556	179,964	250,731	345,278	378,473	280,719
4,208,097	4,507,256	4,540,980	4,382,992	4,704,915	5,389,998
1,394,517	1,418,919	1,375,576	1,461,195	1,451,302	1,474,759
2,346,272	2,433,437	2,591,703	2,733,401	2,823,726	3,557,708
1,152,257	1,160,672	1,207,300	1,299,136	1,368,292	1,444,683
965,036	1,053,683	1,191,436	1,295,305	1,837,797	1,920,290
5,885,171	6,235,875	6,847,210	7,670,332	8,990,656	11,367,923
481,963	2,421,542 ⁽⁴⁾	1,411,125	(4,382,463) ⁽⁵⁾	(1,835,458)	2,268,298
887,411	60,948	55,689	194,590	131,194	3,649,326 ⁽⁷⁾
441,322	337,490	282,974	283,639	447,676	706,439
0	0	0	0	0	0
<u>3,920,070</u>	<u>3,577,520</u>	<u>3,162,043</u>	<u>1,500,423</u>	<u>9,840,641</u>	<u>6,635,321</u>
<u>32,353,138</u>	<u>37,362,621</u>	<u>37,238,748</u>	<u>32,562,418</u>	<u>42,685,661</u>	<u>53,316,308</u>
2,184,898	3,625,899	3,521,550	1,948,286	(1,766,113)	3,017,794
325,018	53,525	15,172	81,498	6,696,082 ⁽⁶⁾	10,616,894 ⁽⁸⁾
128,941	86,220	158,510	197,732	488,744	115,266
<u>(3,920,070)</u>	<u>(3,577,520)</u>	<u>(3,162,043)</u>	<u>(1,500,423)</u>	<u>(9,840,641)</u>	<u>(6,635,321)</u>
<u>(1,281,213)</u>	<u>188,124</u>	<u>533,189</u>	<u>727,093</u>	<u>(4,421,928)</u>	<u>7,114,633</u>
<u>31,071,925</u>	<u>37,550,745</u>	<u>37,771,937</u>	<u>33,289,511</u>	<u>38,263,733</u>	<u>60,430,941</u>
14,184,951	8,929,799	6,864,010	11,294,742	17,925,899	17,986,697
<u>26,021,046</u>	<u>29,114,459</u>	<u>29,040,868</u>	<u>33,417,906</u>	<u>34,722,268</u>	<u>39,481,751</u>
<u>\$ 40,205,997</u>	<u>\$ 38,044,258</u>	<u>\$ 35,904,878</u>	<u>\$ 44,712,648</u>	<u>\$ 52,648,167</u>	<u>\$ 57,468,448</u>

**CITY OF GAINESVILLE, GEORGIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
2014	8,363,877	105,044	4,014,946	1,263,534
2015	8,654,493	133,186	4,371,358	1,268,021
2016	9,409,584	129,075	4,381,245	1,368,983
2017	9,808,840	190,764	4,501,181	1,373,680
2018	10,457,466	213,556	4,208,097	1,394,517
2019	13,975,315	179,964	4,507,256	1,418,919
2020	14,321,981	250,731	4,540,980	1,375,576
2021	15,778,590	345,278	4,382,992	1,461,195
2022	12,546,447 ⁽²⁾	378,473	4,704,915	1,451,302
2023	14,620,844 ⁽²⁾	280,719	5,389,998	1,474,759

Note (1): Effective 07/01/2019, the City increased the levy of Hotel/Motel lodging tax from 6% to 8%.

Note (2): In fiscal years 2022 and 2023, there was a 1.0 tax millage credit to taxpayers. This credit is not included in the total direct tax rate.

Insurance Premium Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
1,743,745	1,022,245	715,260	4,983,807	22,212,458
1,823,481	1,067,611	828,925	5,094,727	23,241,802
1,948,090	1,129,284	911,847	5,281,804	24,559,912
2,203,406	1,166,259	929,035	5,439,313	25,612,478
2,346,272	1,152,257	965,036	5,885,171	26,622,372
2,433,437	1,160,672	1,053,683	6,235,875	30,965,121
2,591,703	1,207,300	1,191,436 ⁽¹⁾	6,847,210	32,326,917
2,733,401	1,299,136	1,295,305	7,670,332	34,966,229
2,823,726	1,368,292	1,837,797	8,990,656	34,101,608
3,557,708	1,444,683	1,920,290	11,367,923	40,056,924

CITY OF GAINESVILLE, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ 352,744	\$ 475,231	\$ 321,639	\$ 295,256
Committed	6,208	5,848	4,957	4,957
Assigned	3,295,367	2,457,217	4,216,717	3,966,341
Unassigned	7,012,974	8,065,121	7,480,831	7,660,281
Total general fund	<u>\$ 10,667,293</u>	<u>\$ 11,003,417</u>	<u>\$ 12,024,144</u>	<u>\$ 11,926,835</u>
All other governmental funds				
Nonspendable	\$ 132,816	\$ 99,367	\$ 81,390	\$ 67,377
Restricted	4,174,002	6,868,770	11,805,659	14,227,632
Committed	174,285	221,019	244,531	275,253
Assigned	12,850,447	11,591,868	10,803,666	13,953,838
Total all other governmental funds	<u>\$ 17,331,550</u>	<u>\$ 18,781,024</u>	<u>\$ 22,935,246</u>	<u>\$ 28,524,100</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 260,058	\$ 225,794	\$ 13,851	\$ 1,491	\$ 1,622	\$ 116
4,957	4,957	14,738	7,388	30,850	50,008
3,912,390	3,604,326	3,404,718	4,140,909	4,762,964	4,898,370
9,087,006	9,873,498	13,359,919	14,412,619	18,969,739	13,801,797
<u>\$ 13,264,411</u>	<u>\$ 13,708,575</u>	<u>\$ 16,793,226</u>	<u>\$ 18,562,407</u>	<u>\$ 23,765,175</u>	<u>\$ 18,750,291</u>
\$ 44,754	\$ 43,321	\$ 37,620	\$ 36,276	\$ 5,018	\$ 2,031,584
20,027,515	20,714,683	23,313,865	27,492,411	26,378,289	50,709,987
298,141	385,580	443,073	533,489	540,720	617,515
14,696,448	23,161,259	17,466,102	15,803,669	21,361,925	41,541,559
<u>\$ 35,066,858</u>	<u>\$ 44,304,843</u>	<u>\$ 41,260,660</u>	<u>\$ 43,865,845</u>	<u>\$ 48,285,952</u>	<u>\$ 94,900,645</u>

CITY OF GAINESVILLE, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 22,193,025	\$ 23,263,514	\$ 24,610,752	\$ 25,624,333
Licenses and permits	768,827	1,008,077	1,020,055	1,304,203
Fines, fees and forfeitures	1,635,471	1,778,770	1,735,869	1,944,818
Charges for services	3,004,541	3,331,778	3,589,559	4,295,317
Intergovernmental	3,959,460	4,689,473	7,821,598	9,388,179
Interest	41,823	126,712	54,687	1,975,871 ⁽³⁾
Contributions	96,860	147,384	105,628	171,116
Other	1,017,595 ⁽¹⁾	122,291	183,516	373,513
Total revenues	<u>32,717,602</u>	<u>34,467,999</u>	<u>39,121,664</u>	<u>45,077,350</u>
Expenditures				
General Government	3,228,407	3,431,244	3,550,990	5,997,537 ⁽⁴⁾
Judicial	460,849	465,915	470,043	521,707
Public Safety	14,934,311	15,462,822	16,187,899	16,466,971 ⁽⁵⁾
Public Works	4,491,711	4,672,187	4,994,225	4,436,888 ⁽⁴⁾
Health and Welfare	3,391,256	2,968,229	2,737,379	2,895,919
Culture and Recreation	165,000	433,682	400,000	234,283
Housing and Development	2,082,930	2,148,470	2,438,677	3,438,904 ⁽⁵⁾
Debt Service				
Principal	8,382,841	10,111,549 ⁽²⁾	1,222,585	3,928,813
Interest	964,579	1,386,912	538,091	523,047
Capital Outlay	2,128,323	3,829,201	5,141,709	8,377,243
Total expenditures	<u>40,230,207</u>	<u>44,910,211</u>	<u>37,681,598</u>	<u>46,821,312</u>
Excess of revenues over (under) expenditures	<u>(7,512,605)</u>	<u>(10,442,212)</u>	<u>1,440,066</u>	<u>(1,743,962)</u>
Other financing sources (uses)				
Transfers in	7,477,632	10,698,274	7,835,912	10,656,899
Transfers out	(4,112,658)	(7,435,982)	(4,149,965)	(6,627,648)
Proceeds from long-term debt	0	8,917,392	0	2,437,264
Sale of capital assets	32,803	48,126	48,936	768,992
Total other financing sources (uses)	<u>3,397,777</u>	<u>12,227,810</u>	<u>3,734,883</u>	<u>7,235,507</u>
Net change in fund balances	<u>\$ (4,114,828)</u>	<u>\$ 1,785,598</u>	<u>\$ 5,174,949</u>	<u>\$ 5,491,545</u>
Debt service as a percentage of noncapital expenditures	24.7%	27.1%	5.0%	11.5%

- Note (1): 2014 miscellaneous revenue includes CCA rent from the Main Street property.
- Note (2): Refunded Frances Meadows debt in 2015 with GRA Bond.
- Note (3): Includes sale of investment property at Gainesville Business Park.
- Note (4): Effective FY17, PLB expenses were included in General Government; in prior years these expenses were charged to Public Works.
- Note (5): Effective FY17, Code Enforcement expenses were included in Housing and Development; in prior years these expenses were charged to Public Safety.
- Note (6): Proceeds from debt borrowing for Downtown Parking Deck Expansion.
- Note (7): Proceeds from debt borrowing related to Fire Truck purchase.
- Note (8): Negative investment earnings is due to the loss on the sale of Jesse Jewell property in September 2020.
- Note (9): Proceeds from debt borrowing related to police vehicles and equipment.
- Note (10): Negative investment earnings is a result of the requirement of accounting for unrealized gains and losses even while our intention is to avoid selling investments at an actual loss.
- Note (11): Proceeds from debt borrowing related to fire trucks.
- Note (12): Proceeds from debt borrowing of \$37 million for the Lake Lanier Olympic Park Boathouse, J. Melvin Cooper Youth Sports Complex, and retail space at the North Parking Deck.
- Note (13): Includes a gain of \$3.6 million for the sale of the Main Street lot.

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 26,666,787	\$ 30,938,519	\$ 31,964,390	\$ 35,225,876	\$ 34,174,206	\$ 39,999,145	
1,143,187	1,192,531	920,559	1,141,400	1,558,221	1,683,250	
1,680,375	1,740,436	1,211,250	1,437,515	1,555,112	1,365,300	
3,883,589	4,262,070	4,556,020	5,073,599	7,846,186	6,479,794	
11,639,676	3,141,267	10,750,219	17,821,664	24,843,556	19,858,901	
406,995	8,027,081	1,237,851	(4,446,697) ⁽⁸⁾	(1,737,532) ⁽¹⁰⁾	2,135,785	
214,150	169,302	116,123	150,031	202,190	840,979	
441,324	337,486	282,974	283,639	447,676	706,439	
<u>46,076,083</u>	<u>49,808,692</u>	<u>51,039,386</u>	<u>56,687,027</u>	<u>68,889,615</u>	<u>73,069,593</u>	
5,115,043	5,240,953	5,059,059	5,592,696	5,684,456	6,601,841	
523,018	536,900	604,290	599,394	604,469	662,769	
17,713,931	18,420,807	20,357,172	18,928,273	20,512,590	22,714,314	
5,032,748	4,787,746	4,923,409	5,312,540	5,401,454	5,704,384	
2,690,223	2,853,579	3,329,651	4,437,077	3,091,060	4,122,618	
245,982	626,120	2,655,373	503,214	1,000,000	1,158,000	
2,404,326	2,926,127	3,825,055	4,239,575	4,095,873	5,292,499	
1,462,303	2,176,859	1,754,003	2,739,322	3,908,508	2,745,995	
517,843	630,248	662,008	603,648	552,100	1,448,820	
7,334,797	10,543,374	12,806,208	11,664,812	26,454,044	32,961,525	
<u>43,040,214</u>	<u>48,742,713</u>	<u>55,976,228</u>	<u>54,620,551</u>	<u>71,304,554</u>	<u>83,412,765</u>	
<u>3,035,869</u>	<u>1,065,979</u>	<u>(4,936,842)</u>	<u>2,066,476</u>	<u>(2,414,939)</u>	<u>(10,343,172)</u>	
9,950,013	14,065,057	12,452,124	15,342,010	32,700,324	42,957,176	
(6,029,944)	(10,487,538)	(9,290,081)	(13,874,903)	(22,867,031)	(36,058,778)	
10,932	4,933,489 ⁽⁶⁾	1,748,231 ⁽⁷⁾	606,886 ⁽⁹⁾	1,383,099 ⁽¹¹⁾	41,392,682 ⁽¹²⁾	
913,464	105,162	67,036	233,897	814,615	3,651,901 ⁽¹³⁾	
<u>4,844,465</u>	<u>8,616,170</u>	<u>4,977,310</u>	<u>2,307,890</u>	<u>12,031,007</u>	<u>51,942,981</u>	
<u>\$ 7,880,334</u>	<u>\$ 9,682,149</u>	<u>\$ 40,468</u>	<u>\$ 4,374,366</u>	<u>\$ 9,616,068</u>	<u>\$ 41,599,809</u>	
5.4%	6.5%	5.4%	7.3%	8.4%	5.4%	

CITY OF GAINESVILLE, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Insurance Premium Tax
2014	8,344,444 ⁽¹⁾	105,044	4,014,946	1,743,745
2015	8,676,206	133,186	4,371,358	1,823,481
2016	9,460,424	129,075	4,381,245	1,948,090
2017	9,823,521	190,764	4,501,181	2,203,406
2018	10,506,185	213,556	4,208,097	2,346,272
2019	13,953,114	179,964	4,507,256	2,433,437
2020	14,278,872	250,731	4,540,980	2,591,703
2021	15,722,924	345,278	4,382,992	2,733,401
2022	12,623,731 ⁽³⁾	378,473	4,704,915	2,823,726
2023	14,570,777 ⁽³⁾	280,719	5,389,998	3,557,708

Note (1): Tax reform, Title Ad Valorem Tax (TAVT), became effective on March 1, 2013. TAVT is a one-time tax that is paid at the time the vehicle is titled. It replaced sales tax and annual ad valorem tax.

Note (2): Effective 07/01/2019, the City increased the levy of Hotel/Motel lodging tax from 6% to 8%.

Note (3): In fiscal years 2022 and 2023, there was a 1.0 tax millage credit to taxpayers. This credit is not included in the total direct tax rate.

Occupational Tax	Alcoholic Beverages Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
1,263,534	1,022,245	715,260	4,983,807 ⁽¹⁾	22,193,025
1,268,021	1,067,611	828,925	5,094,727	23,263,515
1,368,983	1,129,284	911,847	5,281,804	24,610,752
1,373,680	1,166,259	929,035	5,439,313	25,627,159
1,394,517	1,152,257	965,036	5,885,171	26,671,091
1,418,919	1,160,672	1,053,683	6,235,875	30,942,920
1,375,576	1,207,300	1,191,436 ⁽²⁾	6,527,792	31,964,390
1,461,195	1,299,136	1,295,305	7,670,332	34,910,563
1,451,302	1,368,292	1,837,797	8,990,656	34,178,892
1,474,759	1,444,683	1,920,290	11,367,923	40,006,857

CITY OF GAINESVILLE, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended June 30	Real Property	Personal Property			Digest Adjustments
		Inventory/ Business Property	Motor Vehicles	Utilities	
2014	2,398,619,850	969,047,745	172,898,560	74,816,730	(336,173,382)
2015	2,567,954,515	1,069,907,483	185,665,960	68,523,120	(312,134,457)
2016	2,953,976,780	1,055,500,805	122,903,835 ⁽²⁾	86,348,763	(298,500,191)
2017	3,036,116,245	1,102,797,493	87,802,225 ⁽²⁾	79,112,033	(329,203,623)
2018	3,414,339,560	1,176,119,518	65,383,400 ⁽²⁾	67,319,268	(343,066,757)
2019	3,809,200,370	1,302,230,195	51,130,100 ⁽²⁾	73,295,630	(372,366,269)
2020	4,121,300,263	1,347,377,733	42,885,448 ⁽²⁾	78,163,115	(377,476,436)
2021	4,588,293,083	1,429,275,298	41,489,130 ⁽²⁾	81,177,865	(425,521,182)
2022	4,797,932,580	1,531,908,243	32,730,223 ⁽²⁾	84,577,220	(438,560,459)
2023	5,611,039,445	1,761,835,920	46,242,053 ⁽²⁾	88,394,778	(521,264,557)

Source: Hall County Tax Commissioner's Digest - Gainesville District.

Note (1): The total assessed value amounts are based on the original tax digest prior to additions, deletions, and corrections to accounts. The adjusted assessed value is used to calculate the tax levy amount on the Property Tax Levies and Collections (See Exhibit L-10), in order to indicate a more fair presentation of taxes billed and collected. All property is assessed as of January 1st of each year.

Note (2): Effective March 1, 2013, the Title Ad Valorem Tax was enacted, imposing a one-time tax on new vehicle purchases. Over time, motor vehicle taxes should progressively decline.

Note (3): In fiscal years 2022 and 2023, there was a 1.0 tax millage credit to taxpayers. This credit is not included in the total direct tax rate.

<u>Exemption Adjustments</u>	<u>Total Taxable Assessed Value⁽¹⁾</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
(1,234,240)	3,277,975,263	3.060	3,277,975,263	100%
(1,486,210)	3,578,430,411	3.020	3,578,430,411	100%
(1,902,555)	3,918,327,437	2.980	3,918,327,437	100%
(2,210,476)	3,974,413,897	2.980	3,974,413,897	100%
(2,937,666)	4,377,157,323	2.864	4,377,157,323	100%
(3,556,440)	4,859,933,586	3.364	4,859,933,586	100%
(4,266,505)	5,207,983,618	3.322	5,207,983,618	100%
(5,043,556)	5,709,670,638	3.240	5,709,670,638	100%
(5,832,172)	6,002,755,635	3.656 ⁽³⁾	6,002,755,635	100%
(7,613,396)	6,978,634,243	3.656 ⁽³⁾	6,978,634,243	100%

CITY OF GAINESVILLE, GEORGIA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Tax Year	Fiscal Year	City of Gainesville					Total City Millage
		Operating Millage	Recreation Millage	Debt Service Millage	Fire Service Millage	Police Service Millage	
2013	2014	1.770	0.790	0.500	0.000	0.000	3.060
2014	2015	1.750	0.780	0.490	0.000	0.000	3.020
2015	2016	1.630	0.750	0.600	0.000	0.000	2.980
2016	2017	1.630	0.750	0.600	0.000	0.000	2.980
2017	2018	1.545	0.750	0.569	0.000	0.000	2.864
2018	2019	0.795	0.750	0.569	1.250 ⁽⁴⁾	0.000	3.364
2019	2020	0.771	0.750	0.551	1.250	0.000	3.322
2020	2021	0.730	0.750	0.510	1.250	0.000	3.240
2021	2022	0.500	0.896	0.510	1.250	0.500 ⁽⁵⁾	3.656
2022	2023	0.397	0.896	0.510	1.259	0.594	3.656

Source: City of Gainesville Tax Office and Hall County Tax Commissioners Office.

Note (1): Property tax rate is per \$1,000 assessed value.

Note (2): The City of Gainesville taxes on 100% of assessed value.
Hall County taxes on 40% of assessed value.

Note (3): On June 20, 2017, the City Council approved the updated 2017 Service Delivery Strategy. Within the Service Delivery Strategy, it is agreed that the delivery of emergency medical services within Hall County and the City of Gainesville does not result in any overlapping or duplication of services. As a result, the Emergency Services Special Tax District, along with General M&O, is included with Hall County millage rate.

Note (4): The City of Gainesville created a separate millage rate for Fire Services in Fiscal Year 2019.

Note (5): The City of Gainesville created a separate millage rate for Police Services in Fiscal Year 2022.

Overlapping Rates							
Gainesville City Schools				Hall County			Total Direct & Overlapping Rates
Operating Millage	Debt Service Millage	Total School Millage	State of Georgia	Operating Millage	Emergency Service Millage ⁽³⁾	Total County Millage	
7.590	0.000	7.590	0.150	6.250	0.000	6.250	17.050
7.590	0.000	7.590	0.150	5.989	0.000	5.989	16.749
6.890	0.000	6.890	0.050	5.735	0.000	5.735	15.655
6.850	0.000	6.850	0.000	5.716	0.000	5.716	15.546
6.850	0.000	6.850	0.000	6.700	0.000	6.700	16.414
6.850	0.000	6.850	0.000	5.360	0.571	5.931	16.145
6.614	0.000	6.614	0.000	5.098	0.571	5.669	15.605
6.614	0.000	6.614	0.000	4.853	0.571	5.424	15.278
6.395	0.000	6.395	0.000	4.636	0.571	5.207	15.258
6.195	0.000	6.195	0.000	4.141	0.571	4.712	14.563

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL TAXPAYERS
June 30, 2023

Taxpayer	Fiscal Year 2023			Fiscal Year 2014		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value
Kubota Manufacturing of America Corporation/ Kubota USA, Inc.	\$ 96,763,260	1	1.40%	\$ 79,816,415	1	2.43%
Cargill, Inc.	93,168,836	2	1.34%	56,791,330	2	1.73%
ZF Industries, Inc	78,996,617	3	1.14%	33,418,830	4	1.02%
Centennial New Holland, LLC	84,280,533	4	1.22%		NR*	
Mid-America Apartments LP	79,541,050	5	1.15%		NR*	
Marel Inc	79,044,454	6	1.14%		NR*	
Fox Industries	78,373,689	7	1.13%		NR*	
SIF West Park Gainesville, LLC	75,005,000	8	1.08%		NR*	
Fieldale Corp	69,132,843	9	1.00%	43,202,055	3	1.32%
Pilgrims Pride	30,901,848	10	0.45%	29,750,054	6	0.91%
Georgia Power				31,818,851	5	0.97%
Ace Hardware				27,851,723	7	0.85%
I M S Gear				23,780,548	8	0.73%
Merial Select				22,507,929	9	0.69%
SAPA Extruder Inc				21,740,320	10	0.66%
Total	<u>\$ 765,208,130</u>		<u>11.04%</u>	<u>\$ 370,678,055</u>		<u>11.31%</u>

Source: Tax Year 2022 and 2013 Hall County Tax Commissioner's Digest - Gainesville District.

Note (1): For fiscal years 2013-2021, taxable assessed valuation for principal taxpayers is equal to the gross assessed value, excluding the Freeport exemption and motor vehicle tax. Selection is based on the taxpayers with the largest assessed valuation.

* Not Ranked

CITY OF GAINESVILLE, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Adjustments Made After Tax Levy ⁽¹⁾	Collected within the		Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year of the Levy			Amount	Percentage of Levy
			Amount	Percentage of Levy			
2014	\$ 9,272,596	\$ 265,161	\$ 9,363,036	98.17%	\$ 174,721	\$ 9,537,757	100.00%
2015	10,039,209	(89,507)	9,762,578	98.12%	187,124	9,949,702	100.00%
2016	11,053,043	(190,646)	10,829,944	99.70%	32,453	10,862,397	100.00%
2017	11,346,349	(26,784)	11,280,816	99.66%	38,749	11,319,565	100.00%
2018	12,156,116	184,524	12,212,440	98.96%	120,412	12,332,852	99.94%
2019	14,041,006	1,972,018	15,894,676	99.26%	101,250	15,995,926	99.89%
2020	16,878,797	232,626	16,892,628	98.72%	194,662	17,087,290	99.86%
2021	18,101,892	55,550	17,951,673	98.87%	187,777	18,139,450	99.90%
2022 ⁽²⁾	15,631,750	47,706	15,550,090	99.17%	110,844	15,660,934	99.88%
2023 ⁽²⁾	18,188,652	30,523	18,010,140	98.85%	0	18,010,140	98.85%

Source: Hall County Tax Commissioner's Digest - Gainesville District.

Note (1): Adjustments made after tax billing within the fiscal year of the levy.

Note (2): Fiscal years 2022 and 2023 tax levy and collections includes a credit of 1.0 millage.

CITY OF GAINESVILLE, GEORGIA
LOCAL OPTION SALES TAX DISTRIBUTION COMMODITY REPORT - HALL COUNTY
June 30, 2023

Commodity	2022			2012		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
Food	\$ 9,706,244	1	18.33%	\$ 4,983,836	1	18.41%
Other Retail	8,939,944	2	16.88%	3,329,663	4	12.30%
Wholesale	6,670,862	3	12.60%	3,411,215	3	12.60%
General Merchandise	6,450,483	4	12.18%	3,831,917	2	14.16%
Miscellaneous Services	4,671,464	5	8.82%	2,020,530	7	7.47%
Home	4,540,759	6	8.57%	1,496,236	8	5.53%
Manufacturer	3,061,710	7	5.78%	1,115,970	9	4.12%
Utility	2,694,804	8	5.09%	2,340,726	6	8.65%
Other Services	2,647,798	9	5.00%	730,563	10	2.70%
Auto	2,489,167	10	4.70%	3,317,020	5	12.26%
Accommodations	629,705	11	1.19%	412,692	11	1.52%
Construction	454,679	12	0.86%	75,426	12	0.28%
Total	<u>\$ 52,957,619</u>		<u>100.00%</u>	<u>\$ 27,065,794</u>		<u>100.00%</u>

Source: Information provided by Georgia Department of Revenue - Local Government Services.
This information is reported on a calendar year basis.

Note: Data is not available for City of Gainesville; Hall County totals are reported on this schedule.

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES TEN LARGEST SYSTEM CUSTOMERS
JUNE 30, 2023

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
Fieldale Farms Corporation	Manufacturer - Poultry Products	\$ 2,440,398	\$ 6,745,522	\$ 9,185,920	11.81%
Pilgrim's Pride	Manufacturer - Poultry Products	1,670,074	4,480,125	6,150,199	7.91%
Mar-Jac Poultry, Inc.	Manufacturer - Poultry Products	1,615,552	4,378,037	5,993,589	7.71%
Gold Creek LLC	Manufacturer - Poultry Products	831,748	1,715,329	2,547,077	3.28%
NE GA Health Systems	Health Care	601,340	982,370	1,583,710	2.04%
Hall County Commissioners	Local Government	158,103	801,723	959,826	1.23%
Fox Factory, Inc.	Manufacturer - Transportation Equipment	248,022	685,541	933,563	1.20%
John Soules Acquisitions LLC Pro View Foods	Manufacturer - Poultry Products	223,735	654,190	877,925	1.13%
Cargill, Inc.	Manufacturer - Soybean Products	345,252	459,085	804,337	1.03%
Shasta Beverages Inc.	Manufacturer- Beverages	297,389	268,814	566,203	0.73%
Total		<u>\$ 8,431,613</u>	<u>\$ 21,170,736</u>	<u>\$ 29,602,349</u>	<u>38.07%</u>

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2016 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Notes from Direct Borrowings	Certificates of Participation Payable	Contracts Payable ⁽¹⁾	Leases Payable ⁽¹⁾	Subscriptions Payable ⁽²⁾
2014	\$ 0	\$ 0	\$ 0	\$ 20,872,774	\$ 0	\$ 0
2015	0	0	0	21,998,379	0	0
2016	0	0	0	20,766,180	0	0
2017	0	0	0	19,267,230	0	0
2018	0	0	0	17,808,355	0	0
2019	0	0	0	20,557,481	0	0
2020	0	0	0	20,544,205	0	0
2021	0	0	0	18,404,265	0	0
2022	0	1,655,281	404,592	13,811,479	0	0
2023	0	3,147,910	448,953	50,560,060	0	381,197

- Note: Details regarding the City's outstanding debt can be found in the notes to the financial
- Note (1): Due to the implementation of GASB 87 in FY22, debt categorized as Capital leases prior to FY22 is now categorized as Contracts Payable. Only debt determined to be leases by GASB 87 standards will be categorized as Leases.
- Note (2): GASB 96 was implemented in FY23 to report subscription-based IT arrangements.
- Note (3): See the Schedule of Demographic and Economic Statistics on Exhibit L-18 for personal income and population data.
- Note (4): The decrease in notes payable is due to a Series 2014 Water Sewer Bond Refunding which refunded the total amount of the GEFA notes payable and \$5,900,000 of the

Business-Type Activities								
Water & Sewer Bonds	Notes From Direct Borrowings	Certificates of Participation Payable	Contracts Payable ⁽¹⁾	Leases Payable ⁽¹⁾	Subscriptions Payable ⁽²⁾	Total Primary Government	Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
\$ 72,356,947	\$ 0	\$ 0	\$ 121,634,444	\$ 0	\$ 0	\$ 214,864,165	18.44%	6,047
155,139,294	0	0	25,093,735 ⁽⁴⁾	0	0	202,231,408	16.41%	5,570
139,039,842	0	0	23,412,672	0	0	183,218,694	13.34%	4,733
122,548,109	0	0	21,471,610	0	0	163,286,949	10.85%	4,082
105,559,369	0	0	19,525,547	0	0	142,893,271	9.06%	3,541
88,310,630	0	0	17,559,484	0	0	126,427,595	7.40%	3,049
74,646,890	0	0	15,582,468	0	0	110,773,563	5.86%	2,562
58,983,150	0	0	15,822,104	0	0	93,209,519	4.84%	2,204
42,969,411	8,933,712	0	12,519,292	162,709	0	80,456,476	3.80%	1,853
29,940,000	37,825,625	0	10,977,704	126,258	603,653	134,011,360	5.15%	2,959

**CITY OF GAINESVILLE, GEORGIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property⁽¹⁾	Per Capita⁽²⁾
2014	0	0.00%	0
2015	0	0.00%	0
2016	0	0.00%	0
2017	0	0.00%	0
2018	0	0.00%	0
2019	0	0.00%	0
2020	0	0.00%	0
2021	0	0.00%	0
2022	0	0.00%	0
2023	0	0.00%	0

Source: Hall County Tax Commissioner's Digest - Gainesville District.

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

Note (1): See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Exhibit L-7 for property value data.

Note (2): Population data can be found in the Schedule of Demographic and Economic Statistics on Exhibit L-18.

CITY OF GAINESVILLE, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Available</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Gainesville City Schools	\$ 103,158,395	100%	\$ 103,158,395
Hall County	12,687,979	22% ⁽²⁾	2,769,600
Subtotal, overlapping debt ⁽¹⁾			<u>105,927,995</u>
City of Gainesville direct debt			<u>54,538,120</u>
Total direct and overlapping debt			<u><u>\$ 160,466,115</u></u>

Source: Debt outstanding data provided by Gainesville City Schools and Hall County Finance Offices.

Note: 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 of Gainesville. The process recognizes that, when considering the government'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.

Note (1): The outstanding debt reported from overlapping authorities includes bonds, notes, contracts, and certificates of participation payable as reported on their Governmental Activities Sheet.

Note (2): The amount of debt attributed to the City is based upon the assessed value of property in the City as a percentage of the total assessed value of property in the County assuming that the County assessed property at 100% of its value like the City.

**CITY OF GAINESVILLE, GEORGIA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS**

	Fiscal Year			
	2014	2015	2016	2017
Debt Limit	\$ 327,797,526	\$ 357,843,041	\$ 391,832,744	\$ 397,441,390
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>\$ 327,797,526</u>	<u>\$ 357,843,041</u>	<u>\$ 391,832,744</u>	<u>\$ 397,441,390</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Note: Under state finance law, the City of Gainesville's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 437,715,732	\$ 485,993,359	\$ 520,798,362	\$ 570,967,064	\$ 600,275,563	\$ 697,863,424
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 437,715,732</u>	<u>\$ 485,993,359</u>	<u>\$ 520,798,362</u>	<u>\$ 570,967,064</u>	<u>\$ 600,275,563</u>	<u>\$ 697,863,424</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2023

Total assessed value of taxable property	\$ 6,978,634,243
Debt limit (10% of total assessed value)	697,863,424
Debt applicable to limit:	
General obligation debt	0
Less: Amount set aside for repayment of general obligation debt	<u>0</u>
Total net debt applicable to limit	<u>0</u>
Legal debt margin	<u>\$ 697,863,424</u>

**CITY OF GAINESVILLE, GEORGIA
 PLEDGED-REVENUE COVERAGE
 DEPARTMENT OF WATER RESOURCES
 LAST TEN FISCAL YEARS**

Department of Water Resources Revenue Bonds							
Fiscal Year	Gross Revenue⁽¹⁾	Less: Operating Expenses⁽²⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2014	\$ 62,860,604	\$ 26,083,825	\$ 36,776,779	\$ 8,360,000	\$ 3,368,156	3.14	
2015	68,485,989	24,660,926	43,825,063	8,740,000	4,396,256	3.34	
2016	72,032,080	26,866,263	45,165,817	14,560,000	6,271,250	2.17	
2017	77,874,539	27,479,460	50,395,079	15,325,000 ⁽³⁾	4,016,548	2.61	
2018	78,352,405	31,721,037	46,631,368	15,940,000	3,658,820	2.38	
2019	82,054,845	36,314,032	45,740,813	16,200,000	3,142,934	2.36	
2020	81,187,601	36,544,044	44,643,557	12,615,000	2,770,244	2.90	
2021	84,417,512	36,196,085	48,221,427	14,615,000	2,449,024	2.83	
2022	83,496,329	37,623,844	45,872,485	14,965,000	2,025,828	2.70	
2023	89,090,194	43,601,555	45,488,639	6,300,000	1,654,500	5.72	

Note (1): Gross revenue is comprised of operating revenue, connection fees, and interest on investments.

Note (2): Total operating expenses exclusive of depreciation.

Note (3): New refunding bond issues included GEFA notes payable that were not included in prior year totals.

**CITY OF GAINESVILLE, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Gainesville Population^(a)	Estimated City of Gainesville Personal Income (amounts expressed in thousands)^(b)	Hall County Per Capita Personal Income^(c)	Gainesville City Public School Enrollment^(d)	Hall County Unemployment Rate^(e)
2014	35,533	\$ 1,165,092	\$ 32,789	7,983	6.4%
2015	36,306	1,232,407	33,945	8,056	4.8%
2016	38,712	1,373,928	35,491	7,973	4.2%
2017	40,000	1,505,480	37,637	7,997	4.2%
2018	40,359	1,576,624	39,065	8,069	3.5%
2019	41,464	1,709,105	41,219	8,068	3.1%
2020	43,232	1,889,282	43,701	7,725	5.7%
2021	42,296	1,927,682	45,576	7,896	3.0%
2022	43,417	2,116,970	48,759	8,068	2.1%
2023	45,282	2,599,911	57,416	8,129	2.5%

Source (a): Fiscal years 2014-2019 and 2022-2023 are based on Population Estimates Program. Fiscal year 2021 is based on 2020 Census provided by the U.S. Census Bureau.

Source (b): Based on City population multiplied by Hall County per capita personal income.

Source (c): Bureau of Economic Analysis, U.S. Department of Commerce; information is provided on Hall County only.

Source (d): Gainesville City Schools, September enrollment.

Source (e): Georgia Department of Labor, Gainesville MSA unemployment rate.

CITY OF GAINESVILLE, GEORGIA
PRINCIPAL EMPLOYERS/HALL COUNTY
June 30, 2023

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Northeast Georgia Medical Center	9,239	1	8.72%	5,200	1	6.09%
Kubota Manufacturing of America	3,313	2	3.13%	1,250	5	1.46%
Gold Creek Foods	3,100 ⁽²⁾	3	2.93%			
Fieldale Farms Corporation	2,370	4	2.24%	2,400	2	2.81%
Pilgrim's Pride	1,760	5	1.66%	1,600	3	1.88%
Fox Factory	1,700	6	1.61%			
Mar-Jac	1,300	7	1.23%	1,250	4	1.46%
ZF Gainesville, LLC	1,200	8	1.13%			
Cottrell, Inc.	1,100	9	1.04%			
Mars Wrigley	950	10	0.90%	750	7	0.88%
Victory Processing LLC				790	6	0.93%
Wal-Mart				690	8	0.81%
The Longstreet Clinic, P.C.				620	9	0.73%
KIK Gainesville				580	10	0.68%
Total	<u>26,032</u> ⁽¹⁾		<u>24.58%</u>	<u>15,130</u>		<u>17.73%</u>

Source: Greater Hall Chamber of Commerce.

Note (1): Excludes governmental and educational employers.

Note (2): Gold Creek Foods acquired Foundation Food Group in 2021.

CITY OF GAINESVILLE, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Primary government										
General Government	50	51	51	53	52	53	57	57	58	59
Judicial	10	10	10	10	10	10	10	10	10	10
Public Safety										
Police	114	114	114	116	117	118	120	120	121	121
Fire	103	103	103	103	103	103	103	103	104	108
Code Enforcement	4	4	4	4	5	6	6	6	6	6
Public Works	53	55	55	59	60	60	57	57	57	57
Health and Welfare	32	32	32	40	40	43	41	42	50	49
Housing and Development	13	13	13	13	13	13	13	13	15	15
Vehicle Services	6	6	6	6	6	6	6	6	6	6
Water and Sewer	230	233	233	233	234	234	234	234	234	237
Solid Waste	24	24	24	24	24	25	25	25	26	26
Golf Course	4	4	4	4	5	5	5	5	5	5
Total primary government	643	649	649	665	669	676	677	678	692	699
Component unit										
City of Gainesville										
Parks and Recreation										
Culture and Recreation	38	39	39	37	37	38	44	43	43	48
Gainesville Convention and Visitor's Bureau										
Housing and Development	0	4 ⁽¹⁾	4	4	4	4	7	11	10	11
Total Component units	38	43	43	41	41	42	51	54	53	59
Total employees	681	692	692	706	710	718	728	732	745	758

Source: Annual City of Gainesville Budget Document.

Note (1) Gainesville Convention and Visitor's Bureau became a component unit in FY15.

**CITY OF GAINESVILLE, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year			
	2014	2015	2016	2017
Police				
Number of citations issued	11,622	9,734	12,060	13,431
Number of calls for service	60,380	70,534	68,007	68,952
Fire				
Number of calls answered	7,174	7,814	8,108	8,592
Number of inspections conducted	1,862	2,019	3,850	3,543
Highways and streets				
Square feet of sidewalks replaced	11,727	8,217	2,562	2,360
Linear feet curb and gutter installed	544	241	329	227
Sanitation				
Refuse collected (tons)	4,989	5,374	5,791	6,392
Recyclables collected (tons)	794	772	697	858
Culture and Recreation				
Enrolled in youth athletics	1,424	1,181	1,388	2407
Civic Center/Cabin rentals	1,169	1,230	991	879
Water System (MGD -Millions of Gallons per Day)				
Number of service connections	53,676	55,274	50,950	54,572
Daily average consumption in gallons	16.74 MGD	16.74 MGD	17.40 MGD	18.69 MGD
Sewer System (MGD -Millions of Gallons per Day)				
Number of service connections	10,977	11,580	10,020	10,687
Daily average treatment in gallons	8.90 MGD	8.00 MGD	9.1 MGD	9 MGD

Source: Various City Departments.

Note (1): Some indicators are skewed due to the COVID shutdown that occurred March 2020-June 2020.

Note (2): Civic Center rentals were down due primarily to closure for renovations from February 2021-March 2021

Note (3): Significant decrease in calls for service due to change in reporting standards of calls by Police Department

Note (4): Civic Center rentals are up due to more meeting rooms created in FY21 renovations and surge of use after COVID.

Note (5): Significant increase in calls for service due to overall agency increase and return to normal expectations prior to the COVID pandemic.

Fiscal Year					
2018	2019	2020 ⁽¹⁾	2021	2022	2023
11,606	11,340	8,200	8,888	7,657	7,532
83,252	100,750	91,075	85,643	55,369 ⁽³⁾	99,030 ⁽⁵⁾
8,550	10,317	12,094	12,154	12,752	13,049
3,764	3,672	2,820	2,232	2,052	3,729
1,951	8,210	6,065	6,940	6,340	3,535
50	660	113	536	499	226
6,763	7,621	7,719	8,561	8,894	9,073
820	859	711	746	712	591
2,366	2,371	1,918	2,602	2,476	2,359
1,213	1,424	982	727 ⁽²⁾	2,369 ⁽⁴⁾	1,564
55,638	56,934	57,878	59,273	60,397	62,299
18.75 MGD	19.03 MGD	19.27 MGD	19.40 MGD	19.70 MGD	20.50 MGD
11,101	11,445	11,788	12,140	13,016	13,537
10.0 MGD	11.4 MGD	11.5 MGD	11.7 MGD	11.2 MGD	11.5 MGD

**CITY OF GAINESVILLE, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year			
	2014	2015	2016	2017
Public safety				
Number of police stations	2	2	2	2
Number of fire stations	4	4	4	4
Solid Waste				
Collection Trucks	12	13	13	13
Highways and streets				
Miles of streets	140	140	141	143
Miles of storm sewers	20.49	20.52	20.81	21.68
Number of street lights	2,676	2,639	2,679	2,668
Culture and Recreation				
Community/Civic Centers	2	2	2	2
Parks	22	22	22	22
Park acreage	450+	450+	454+	454+
Golf courses	1	1	1	1
Swimming pools	4	4	4	4
Baseball/Softball fields	10	10	10	10
Soccer fields	10	10	10	10
Multipurpose fields	2	2	2	2
Tennis courts	15	15	15	15
Water and Sewerage System-Gainesville and Hall County (MGD - Millions of Gallons per Day)				
Water System:				
Miles of water mains	1,355	1,363	1,372	1,390
Number of fire hydrants	8,772	8,838	8,885	9,096
Number of water treatment plants	2	2	2	2
Maximum daily capacity of treatment plants in gallons	35 MGD	35 MGD	35 MGD	35 MGD
Sewer System:				
Miles of sanitary sewers	289	291	294	301
Number of wastewater treatment plants	2	2	2	2
Maximum daily capacity of treatment plants in gallons	17 MGD	17 MGD	17 MGD	17 MGD

Source: Various City Departments.

Note (1): Property Addition for Youth Athletic Complex and Skate Park.

Note (2): A reevaluation of inventory was completed in FY21. The decrease is due to the removal of state and county inventory.

Note (3): Removed Clarks Bridge Park and Southside Park.

Note (4): Added 1 new field at Myrtle Street Park.

Note (5): Removed 1 court at Roper Park which will be turned into a sports court for multi-purpose use.

Note (6): Hall County took over full operation of Allen Creek Soccer Complex.

Fiscal Year					
2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
4	4	4	4	4	4
14	9	9	10	12	12
147	149	149	149	149	149
24.18	69.00	69.00	50.20 ⁽²⁾	50.20	50.20
2,769	2,825	2,849	2,813	2,909	3,045
2	2	2	2	2	2
22	21	22	22	21 ⁽³⁾	20 ⁽⁶⁾
454+	458+	547+ ⁽¹⁾	547+	494+ ⁽³⁾	405 ⁽⁶⁾
1	1	1	1	1	1
4	4	4	4	4	4
10	9	9	9	9	9
10	10	10	10	11 ⁽⁴⁾	3 ⁽⁶⁾
2	2	2	2	2	2
15	15	15	15	14 ⁽⁵⁾	14
1,383	1,411	1,438	1,450	1,461	1,465
9,557	9,728	9,620	9,796	9,831	9,968
2	2	2	2	2	2
35 MGD	35 MGD	35 MGD	35 MGD	35 MGD	35 MGD
306	318	317	329	330	331
2	2	2	2	2	2
17 MGD	17 MGD	17 MGD	17 MGD	17 MGD	17 MGD

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
WATER RATES AND MINIMUM DEMAND CHARGES
JUNE 30, 2023

Water Rates (Monthly Charges):

	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Account Servicing Fee	\$ 6.41	\$ 6.41
Quantity Used Per Month In 1,000 Gallons		
Rates per 1,000 Gallons	\$ 3.44	\$ 6.67

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2016 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
WATER TAP/METER, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2023

Inside and Outside City Limits:

<u>Tap Size (Meter Inches)</u>	<u>Tap and Meter</u>	<u>Connection Fee</u>	<u>Administrative Fee</u>	<u>Total</u>
3/4 inch	\$ 1,073	\$ 1,726	\$ 51	\$ 2,850
1 inch	1,600	4,765	143	6,508
2 inch	3,600	15,248	457	19,305
3 inch	Actual cost	30,496	915	N/A
4 inch	Actual cost	47,650	1,430	N/A
6 inch	Actual cost	95,300	2,859	N/A
8 inch	Actual cost	152,480	4,574	N/A

The water connection and administrative fees shall be in addition to the cost of the meter and water and sewer tapping fees.

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2016 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
SEWER RATES AND CHARGES
JUNE 30, 2023**

Sewer Rates (Monthly Charges by Volume):

	<u>Inside City Limits</u>	<u>Outside City Limits</u>	<u>Oakwood</u>
Commodity charge Per 1,000 gallons	\$ 10.26	\$ 10.26	\$ 10.47

Industrial Surcharges:

<u>Pollutant</u>	<u>Concentration (mg/l)</u>	<u>Surcharge (dollars per mg/l per 1,000 gallons)</u>
BOD	251-500	\$ 0.0025
	501-700	0.0067
	701-900	0.0076
	Over 900	0.0150
Suspended Solids	251-500	0.0019
	501-700	0.0047
	701-900	0.0052
	Over 900	0.0096
Oil and Grease	101-125	0.0067
	126-150	0.0160
	151-175	0.0187
	Over 175	0.0374
Phosphorus	7-11	0.0294
	12-15	0.0655
	16-20	0.0775
	Over 20	0.1497
Nitrogen	40-75	0.0067
	76-100	0.0174
	101-135	0.0214
	Over 135	0.0428

Accounts billed for sewer only shall pay a monthly account servicing fee of \$6.41 inside the City and \$6.41 outside the City. In addition, sewer only customers pay an additional fee per 1,000 gallons. The rates are \$10.26 for inside City customers, \$10.26 for outside City customers, and \$10.47 for Oakwood customers.

Residential sewer charges are based on 95% of monthly metered water consumption.

Non-residential sewer charges are based on 100% of monthly water meter readings.

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2016 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES
SEWER TAPPING, CONNECTION AND ADMINISTRATIVE FEES
JUNE 30, 2023**

Sewer Tapping Fees:

For a six inch (6") service line serving a single dwelling or commercial unit the cost is \$900.

Service lines over 6" shall be charged an additional fee at actual cost per inch.

Sewer Connection and Administrative Fees:

<u>Size of Sewer (Meter Inches)</u>	<u>Connection</u>	<u>Administrative</u>
3/4 inch	\$ 3,570	\$ 107
1 inch	9,683	290
2 inch	30,984	930
3 inch	61,968	1,859
4 inch	96,825	2,905
6 inch	193,650	5,810
8 inch	309,840	9,295

The sewer connection and administrative fees shall be in addition to the cost of the meter and water and sewer tapping fees.

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2016 Water and Sewerage bond issues.

**CITY OF GAINESVILLE, GEORGIA
DEPARTMENT OF WATER RESOURCES CAPITAL IMPROVEMENTS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Total Cost of Capital Improvements</u>	<u>Funding Sources</u>	
		<u>System Revenues and Capital Contributions</u>	<u>Debt Proceeds and Investment Earnings</u>
2014	\$ 7,643,488	\$ 7,643,488	\$ 0
2015	4,840,617	4,840,617	0
2016	8,136,724	8,136,724	0
2017	13,052,152	13,052,152	0
2018	26,133,018	26,133,018	0
2019	16,251,036	16,251,036	0
2020	27,687,770	27,687,770	0
2021	20,862,911	19,695,314	1,167,597
2022	29,993,180	24,025,030	5,968,150
2023	55,002,712	25,800,143	29,202,569

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2016 Water and Sewerage bond issues.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF INSURANCE COVERAGE
June 30, 2023

	<u>Amount</u>	
Property Coverage		
Blanket building and contents (\$25,000 deductible)		Replacement Cost ⁽¹⁾
Flood (\$50,000 deductible)	\$ 5,000,000	
Equipment Breakdown (\$25,000 deductible/72 Hours)	\$ 250,000	
Automobile (\$5,000 deductible)		Actual cash value
Inland Marine (Contractor's Equipment) (\$2,500 deductible)		Agreed Value (\$7,829,274)
EDP Equipment (\$25,000 deductible)		Replacement Cost (\$50,000)
Casualty		
General Liability ⁽²⁾		
Personal and advertising injury (\$10,000 deductible)	\$ 1,000,000	per occurrence
Products-completed operations (\$10,000 deductible)	\$ 3,000,000	per occurrence
Law enforcement (\$10,000 deductible)	\$ 1,000,000	per occurrence
Public official (\$15,000 deductible) ⁽³⁾	\$ 1,000,000	per occurrence
Employee benefits (\$1,000 deductible)	\$ 1,000,000	per occurrence
Employment Practices Liability benefits (\$25,000 deductible) ⁽³⁾	\$ 1,000,000	per occurrence
Automobile Liability		
Single limit liability (\$10,000 deductible)	\$ 1,000,000	
Umbrella \$4,000,000 limit \$10,000. SIR		
Public Employee Dishonesty (\$1,000 deductible)	\$ 500,000	
Airport Liability (\$1,000 deductible) (Includes TRIA)	\$ 10,000,000	

Note: This information is included to comply with continuing disclosure requirements of 2005, 2006, 2014, and 2016 Water and Sewerage bond issues.

Note (1): Maximum property limit of \$369,595,014

Note (2): Aggregate annual amount of \$3,000,000 for General Liability, Law Enforcement Liability, Public Officials Liability, and Employment Practices Liability.

Note (3): Retro date 7/1/2000 applies.

CITY OF GAINESVILLE, GEORGIA
PROPERTY VALUE - CONSTRUCTION
LAST TEN CALENDAR YEARS

Hall County

	Number of Residential Permits		Total Estimated Value	Number of Commercial Permits	Total Estimated Value
	Single Family	Multi-Family ⁽¹⁾ / Number of Units			
2013	264	0	\$ 47,710,100	26	\$ 132,020,900 ⁽³⁾
2014	341	0	67,877,695	17	7,685,100
2015	352	0	75,544,500	25	34,139,300
2016	410	0	91,138,400	20	15,171,000
2017	548	0	118,793,900	28	16,236,000
2018	581	0	135,819,495	28	20,823,000
2019	557	0	133,313,550	94	86,935,000
2020	621	0	146,316,400	103	173,141,800 ⁽⁴⁾
2021	968	0	263,580,392	126	96,969,600
2022	795	0	255,207,449	125	169,337,500

City of Gainesville

	Number of Residential Permits		Total Estimated Value	Number of Commercial Permits	Total Estimated Value
	Single Family	Multi-Family ⁽¹⁾ / Number of Units			
2013	262	2/4	\$ 47,189,890	14	\$ 57,498,595
2014	266	12/3	46,952,571	23	67,932,217
2015	405	8/34	76,109,044	21	37,344,159
2016	435	19/556	118,707,947 ⁽⁵⁾	31	58,129,477
2017	412	4/96	70,021,683	31	234,766,657 ⁽⁶⁾
2018	288	96/708	63,131,144	24	40,504,564
2019	255	11/270	72,202,283	20	119,554,968 ⁽⁷⁾
2020	134	8/308	61,949,585	20	41,372,919
2021	323	13/410	114,696,050	37	115,216,218 ⁽⁸⁾
2022	164	15/751	171,262,636 ⁽⁹⁾	31	496,621,165 ⁽⁹⁾

Source: Hall County Building and Zoning Department.

Note (1): Multifamily housing includes duplexes, triplexes, and apartment buildings.

Note (2): Economic decline contributed to decreased numbers beginning in 2008.

Note (3): Northeast Georgia Medical Center acquired permits for new hospital in Braselton and new medical office building.

Note (4): Includes Cherokee Bluff Middle School and Agile Cold ATL.

Note (5): Totals reflect an increase in multi-family housing projects and single-family dwelling permits.

Note (6): Includes \$175 million for construction of Enota Elementary.

Note (7): Includes Fox Factory, NEGA Health and Geveko Markings Inc.

Note (8): Includes Gainesville Middle School, Gainesville High School Activity Center, and Courtyard Marriott.

Note (9): Cost of construction up due to inflation.

CITY OF GAINESVILLE, GEORGIA
MISCELLANEOUS STATISTICS

Source: Various city departments and local institutions

Date of Incorporation	1821
Form of Government	Council/Manager
City Population ⁽¹⁾	45,282
Hall County Population, including City ⁽¹⁾	212,692
Area of City in square miles	35.31
Number of full time employees	656

Government facilities and services:

Public Safety:

ISO Fire Classification	Class I
Number of fire personnel and officers	102
Number of police personnel and officers	118
Number of police patrol units	70

Facilities and services not included in the reporting entity:

Public Education:

Number of elementary schools	6
Number of elementary school instructors	278
Number of middle schools	2
Number of middle school instructors	115
Number of secondary schools	1
Number of secondary school instructors	142
Number of technical institutions (in Hall County, outside City)	1
Number of universities	2

Hospitals:

Number of hospitals	1
Number of patient beds	557

Bond Rating (Moody's):

General Obligation Bonds	Aa1
Revenue Bonds	Aa1

Note (1): 2022 estimates based on 2020 census data from the United States Census Bureau.



GAINESVILLE

SINGLE AUDIT SECTION



GAINESVILLE

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the City Council
City of Gainesville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Georgia’s basic financial statements and have issued our report thereon dated December 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gainesville, Georgia’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gainesville, Georgia’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville, Georgia’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gainesville, Georgia’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

City of Gainesville, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Gainesville, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Gainesville, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gainesville, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton, LLC

Gainesville, Georgia
December 27, 2023

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the City Council
City of Gainesville, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gainesville, Georgia’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Gainesville, Georgia’s major federal programs for the year ended June 30, 2023. The City of Gainesville, Georgia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Gainesville, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Gainesville, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Gainesville, Georgia’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Gainesville, Georgia’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Gainesville, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Gainesville, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Gainesville, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Gainesville, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Gainesville, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton, LLC

Gainesville, Georgia
December 27, 2023



GAINESVILLE

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2023

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant/Entitlement Grants COVID-19	14.218	N/A	\$ 489,487 4,750
Total CDBG - Entitlement Grants Cluster			<u>494,237</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	N/A	8,229
Equitable Sharing Program	16.922	N/A	<u>71,890</u>
Total U.S. Department of Justice			<u>80,119</u>
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation:			
Airport Improvement Program	20.106	T006971	<u>3,061,267</u>
Federal Transit Cluster			
Federal Transit-Formula Grants (Urbanized Area Formula Program) COVID-19	20.507	T006843 T006844 T006844	37,775 643,742 313,875
Total Federal Transit Cluster			<u>995,392</u>
Total U.S. Department of Transportation			<u>4,056,659</u>
U.S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>2,427,753</u>
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Finance Authority:			
Clean Water State Revolving Fund (CWSRF) Cluster			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CW2020-022 CW2020-023	11,651,028 16,816,586
Total Clean Water State Revolving Fund Cluster			<u>28,467,614</u>
Drinking Water State Revolving Fund (DWSRF) Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2020-032	<u>709,949</u>
Total U.S. Environmental Protection Agency			<u>29,177,563</u>

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2023

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Aging Cluster			
Passed through Legacy Link, Inc.:			
Special Programs for the Aging - Title III, Part C			
Nutrition Services	93.045	Gainesville - Title III, C1	\$ 214,239
COVID-19		Gainesville - Title III, C1	85,777
		Gainesville - Title III, C2	268,113
COVID-19		Gainesville - Title III, C2	170,996
			<u>739,125</u>
Nutrition Services Incentive Program	93.053	Gainesville - NSIP	<u>99,284</u>
Total Aging Cluster of Programs			838,409
Passed through Legacy Link, Inc.:			
Social Services Block Grant	93.667	Gainesville - SSBG	<u>24,924</u>
Total U.S. Department of Health and Human Services			<u><u>863,333</u></u>
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4579-DR-GA	<u>28,658</u>
Total Expenditures of Federal Awards			<u><u>\$ 37,128,322</u></u>

See accompanying notes to schedule of expenditures of federal awards and schedule of findings and questioned costs.

CITY OF GAINESVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Gainesville, Georgia, under programs for the federal government for the current fiscal year. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement

3. Indirect Cost Rate

The City of Gainesville, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current year, the City of Gainesville, Georgia did not pass federal funds through to subrecipients.

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2023

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
--	------------

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
--	---------------

Identification of major programs:

Federal Transit Cluster

20.106 Airport Improvement Program

21.027 Covid-19 Coronavirus State and Local Fiscal Recovery Funds

Clean Water State Revolving Fund (CWSRF) Cluster

66.458 Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish Between Type A and Type B programs:	\$1,113,850
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Auditee qualified as low-risk auditee?	Yes
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CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2023

2. Financial Statement Findings

A. Current Year Audit Findings

None reported

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



GAINESVILLE

STATE REPORTING SECTION

CITY OF GAINESVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2023

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST VII					
Public Safety Fire Station	\$ 4,000,000	\$ 4,368,262	\$ 5,988,894	\$ 0	\$ 5,988,894
Public Safety Fire Vehicle	1,500,000	1,461,219	1,461,219	106,800	1,568,019
Roads, Bridges, Stormwater	12,914,482	13,688,132	13,781,150	1,111,090	14,892,240
Youth Sports Athletic Complex	6,750,000	7,154,363	1,582,066	20,531	1,602,597
Park Improvements	250,000	264,976	411,352	0	411,352
Total SPLOST VII	<u>\$ 25,414,482</u>	<u>\$ 26,936,952</u>	<u>\$ 23,224,681</u>	<u>\$ 1,238,421</u>	<u>\$ 24,463,102</u>
SPLOST VIII					
Roads, Streets, Bridges, Sidewalks, and Related Improvements	\$ 15,000,000	\$ 15,000,000	\$ 2,843,525	\$ 4,392,319	\$ 7,235,844
Parks and Recreation Facilities and Equipment	9,164,541	9,164,541	3,675,661	8,735,537	12,411,198
Public Safety Facilities and Equipment	8,500,000	8,500,000	2,188,305	295,097	2,483,402
Downtown Parking Deck	4,000,000	4,000,000	12,598,578	776,629	13,375,207
Total SPLOST VIII	<u>\$ 36,664,541</u>	<u>\$ 36,664,541</u>	<u>\$ 21,306,069</u>	<u>\$ 14,199,582</u>	<u>\$ 35,505,651</u>

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.



GAINESVILLE



GAINESVILLE

APPENDIX C

Form of Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Gainesville, Georgia (the “City”) in connection with the issuance of its Water and Sewerage Revenue Bonds, Series 2024 (the “Series 2024 Bonds”). The City hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners (as herein defined) and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution (as herein defined), which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to the Rule and this Disclosure Certificate.

“Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Series 2024 Bonds (including persons holding the Series 2024 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any of the Series 2024 Bonds for federal income tax purposes.

“Dissemination Agent” means the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access System, which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) of this definition. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means any period of twelve consecutive months adopted by the City, as the case may be, as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” means the Official Statement of the City relating to the Series 2024 Bonds.

“Participating Underwriter” means Raymond James & Associates, Inc.

“Resolution” means the master bond resolution adopted by the City on October 25, 2001, as supplemented on October 4, 2005, a resolution adopted by the City on October 20, 2005, a parity bond resolution adopted by the City on November 16, 2006, a parity bond resolution adopted by the City on November 18, 2014 as supplemented on December 16, 2014 as supplemented by a resolution adopted on November 3, 2015 and a resolution adopted by the City on September 15, 2016 and resolution adopted by the City on September 17, 2024, authorizing among other things the issuance and sale of the Series 2024 Bonds, as supplemented from time to time.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” means the State of Georgia.

SECTION 3. Provision of Reports by the City.

(a) *Annual Report.*

Within two hundred seventy (270) days after the end of each Fiscal Year (the “Reporting Date”), commencing with Fiscal Year 2024, the City shall file, or shall cause the Dissemination Agent to file, on EMMA an Annual Report containing the following:

(i) The City’s basic financial statements for the preceding Fiscal Year, which shall include the basic financial statements of the System, prepared in accordance with generally accepted accounting principles, as in effect from time to time. The basic financial statements shall be accompanied by an audit report resulting from an audit conducted by an independent certified public accountant or firm of independent public accountants in conformity with generally accepted auditing standards. In the event that the audited financial statements of the City are not available by the Reporting Date, the City or the Dissemination Agent shall instead include unaudited financial statements in the Annual Report and shall indicate in the Annual Report the approximate date on which the audited financial statements are expected to be submitted. The audited financial statements of the City, when available, shall be filed on EMMA.

Notwithstanding the forgoing, if at any point in time the City elects to prepare the basic financial statement of the System separately from those of the City, the Annual Report need only include the basic financial statements of the System.

(ii) If generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to this Disclosure Certificate and if such changes are material to the City, a narrative explanation describing the impact of such changes on the City.

(iii) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the System to the extent not included in the City’s financial statements: (a) average and maximum daily (in MGD) water demand, (b) number of water connections, (c) number of sewer connections, (d) ten largest water and sewer customers, (e) rates, fees and charges, (f) historical debt service coverage ratio and (g) total costs of capital improvements and funding sources.

The Annual Report shall be in the appropriate electronic format and form prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided herein. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City must clearly identify each such other document so incorporated by reference.

The City shall determine each year, prior to the date on which the Annual Report is to be submitted, the manner of filing with EMMA. In the event that the City shall fail to provide to EMMA the Annual Report required in this Section 3, the City shall in a timely manner send a notice to EMMA describing such failure. Such notice shall be in the form attached hereto as Exhibit A.

(b) *Change in Fiscal Year of the City.*

The City shall promptly file a notice of any change in its Fiscal Year on EMMA.

SECTION 4. Reporting of Significant Events.

(a) Within ten (10) business days of the occurrence of one of the following Listed Events with respect to the Series 2024 Bonds, the City shall file, or shall cause the Dissemination Agent to file, a notice of such occurrence on EMMA:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draw on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5071-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds.
- (vii) Modifications to rights of the Beneficial Owners, if material.
- (viii) Series 2024 Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Series 2024 Bonds, if material.
- (xi) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.
- (xii) Ratings changes.
- (xiii) Bankruptcy, insolvency, receivership or other similar event of the City including any of the following: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
- (xiv) The consummation of a merger, consolidation or acquisition involving the City, or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the obligated person, any of which affect Beneficial Owners, if material.
- (xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) The Listed Event shall be in the appropriate electronic format and form prescribed by the MSRB.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the City and shall be in substantially the form attached as Exhibit B.

SECTION 5. Termination of Reporting Obligations. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Series 2024 Bonds. The City shall notify EMMA that the City's obligations under this Disclosure Certificate have terminated. If the City's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the City.

SECTION 6. Dissemination Agent. The City may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and the City may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the City shall be the Dissemination Agent. Should the City appoint such a Dissemination Agent, it shall provide the Annual Report described in Section 3 of this Disclosure Certificate to the Dissemination Agent not later than fifteen (15) days prior to the Reporting Date.

SECTION 7. Amendment; Waiver. This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the City to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 4(a)(vii) or the first Annual Report after such amendment hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the applicable Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the applicable Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. The City shall file a notice of the change of accounting principles in the same manner as for a Listed Event under Section 4 hereof on or before the effective date of any such amendment or waiver.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such action as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a "default" or an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure to any party to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may consult

with counsel (who may, but need not, be counsel for the City), and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such Counsel. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Series 2024 Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 14. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

[Signature Page to Follow]

Date: September __, 2024.

CITY OF GAINESVILLE, GEORGIA

By: _____
Mayor

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Gainesville, Georgia
Name of Bond Issue: City of Gainesville, Georgia Water and Sewerage Revenue Bonds, Series 2024 (the "Series 2024 Bonds")
CUSIP Number: _____
Date of Issuance: October __, 2024

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report due with respect to the Series 2024 Bonds as required by its Disclosure Certificate, dated [____], 2024. The City anticipates that the Annual Report will be filed by _____.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to _____.

Dated: _____

CITY OF GAINESVILLE, GEORGIA

By: _____
Title:

EXHIBIT B

NOTICE TO REPOSITORIES OF THE OCCURRENCE OF
[INSERT THE LISTED EVENT]

Relating to

City of Gainesville, Georgia Water and Sewerage Revenue Bonds, Series 2024 (the "Series 2024 Bonds")

CUSIP NUMBER _____

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 4(a)(ix) shall include the following:

The City hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased bonds.

OR

The City hereby covenants not to exercise any optional or extraordinary redemption provisions under the Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Series 2024 Bonds have been defeased to [maturity/the first call date, which is _____]. This notice does not constitute a notice of redemption and no bonds should be delivered to the City as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated: _____

CITY OF GAINESVILLE, GEORGIA

By: _____
Title:

APPENDIX D

Form of Bond Counsel Opinion

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MURRAY BARNES FINISTER LLP

3525 PIEDMONT ROAD • 5 PIEDMONT CENTER • SUITE 515 • ATLANTA, GEORGIA 30305

October __, 2024

City of Gainesville, Georgia
Gainesville, Georgia

Regions Bank, as Bond Registrar and Paying
Agent
Atlanta, Georgia

Raymond James & Associates, Inc.
Atlanta, Georgia

The Bank of New York Trust Company, N.A.,
As Escrow Agent
Jacksonville, Georgia

Re: \$_____ City of Gainesville, Georgia Water and Sewerage Revenue
Bonds, Series 2024

To the Addressees:

We have acted as Bond Counsel and Disclosure Counsel to the City of Gainesville, Georgia (the “City”) in connection with the issuance of \$_____ in aggregate principal amount of its Water and Sewerage Revenue Bonds, Series 2024 (the “Series 2024 Bonds”). In our capacity as Bond Counsel, we have examined the law and such certified proceedings, including a certified copy of the record of the validation proceeding concluded in the Superior Court of Hall County, Georgia, and other papers as we deemed necessary to render this opinion. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate. Capitalized terms used, but not defined herein, shall have the meanings assigned to them in the Resolution defined below.

The Series 2024 Bonds are being issued pursuant to a bond resolution adopted by the City on October 25, 2001, as supplemented on October 4, 2005 (collectively, the “2001 Resolution”), a resolution adopted by the City on October 20, 2005 (the “2005 Resolution”), a parity bond resolution adopted by the City on November 16, 2006 (the “2006 Resolution”) a parity bond resolution adopted by the City on November 18, 2014 (the “2014 Resolution”) as supplemented on December 16, 2014 (the “2014 Supplemental Resolution”) as supplemented by a resolution adopted on November 3, 2015 (the “2015 Supplemental Resolution”) and a resolution adopted by the City on September 15, 2016 (the “2016 Supplemental Resolution”) and a parity bond resolution adopted on September 17, 2024 (the “2024 Resolution” and together with the 2001 Resolution, the 2005 Resolution, the 2014 Resolution, the 2014 Supplemental Resolution, the 2015 Supplemental Resolution and the 2016 Supplemental Resolution, the

“Resolution”). The proceeds of the Series 2024 Bonds will be used for the purpose of (a) making certain improvements to the System (b) refunding the City’s Water and Sewerage Refunding Revenue Bonds, Series 2014 (the “Series 2014 Bonds”) maturing on and after November 15, 2025 (the “Refunded Bonds”), and (c) paying the costs of issuing the Series 2024 Bonds.

Pursuant to the Resolution the City has created a lien on the revenues derived from the operation of the System after the payment of the costs of operating, maintaining and repairing the System (the “Net Revenues”), all for the benefit of the owners of the Series 2024 Bonds, the Series 2014 Bonds maturing November 15, 2024 and the owners of any parity bonds hereafter issued under the Resolution. The Series 2024 Bonds constitute limited obligations of the City and are payable solely from the Net Revenues of the System. Neither the general credit nor the taxing power of the State of Georgia or any political subdivision or municipal corporation thereof, including the City, is pledged to the payment of the Series 2024 Bonds. The Series 2024 Bonds will not constitute a debt of the State of Georgia, or any political subdivision or municipal corporation of the State of Georgia, including the City, within the meaning of any constitutional or statutory debt limitation.

The Series 2024 Bonds are subject to redemption prior to maturity in the manner and on the terms specified in the Series 2024 Resolution.

As Bond Counsel, we express no opinion with respect to the accuracy, completeness or sufficiency of the Official Statement or any other offering materials distributed in connection with the offering or sale of the Series 2024 Bonds. We express no opinion as to the compliance by the City or the underwriter with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Series 2024 Bonds.

In rendering our opinion that the interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, we have (a) relied as to questions of fact material to our opinion upon certificates and certified proceedings of public officials, including officials of the City, and representations of the City (including representations as to the use and investment of the proceeds of the Refunded Bonds and the Series 2024 Bonds), without undertaking to verify the same by independent investigation and (b) assumed continued compliance by the City with its covenants relating to the use of the proceeds of the Series 2024 Bonds, the Series 2024 Project and the System and compliance with the requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), including the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such certificates or representations or the noncompliance with such covenants may cause interest on the Series 2024 Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2024 Bonds.

As to (a) the sufficiency of the cash and moneys received from the obligations of the United States of America (the “Government Obligations”) held in trust under the Escrow Agreement to provide moneys sufficient to pay the interest on the Refunded Bonds up to and

including their redemption date and to redeem the Refunded Bonds on their redemption date, we express no opinion and refer you to the verification report, dated the date of this opinion, of Integrity Public Finance Consulting LLC.

Based upon our examination and the provisions referred to above, we are of the opinion, as of the date hereof and under existing law, as follows:

(1) The City has the power to (a) adopt the Resolution and perform its obligations thereunder and (b) issue, execute, deliver and perform its obligations under the Series 2024 Bonds.

(2) The Resolution has been duly adopted by the City and constitutes the legal, valid, binding and enforceable obligation of the City. The Resolution creates a lien on the Net Revenues as security for the Series 2024 Bonds.

(3) The Series 2024 Bonds have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding limited obligations of the City payable from the Net Revenues.

(4) Interest on the Series 2024 Bonds (including any original issue discount properly allocable to a holder of the bonds) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. We express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on the Series 2024 Bonds.

(5) The interest on the Series 2024 Bonds is exempt from all present Georgia income taxes.

The rights of the owners of the Series 2024 Bonds and the enforceability of the Resolution and the Series 2024 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

October __, 2024

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We are members of the State Bar of Georgia. Our opinions herein are limited to the laws of the State of Georgia and any applicable federal laws of the United States. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. This opinion is intended solely for the use of the addressees and their permitted successors and/or assigns and may not be relied upon by any other person for any purpose without our prior written consent in each instance. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law that may affect any of the opinions expressed herein.

Very truly yours,

MURRAY BARNES FINISTER LLP

By: _____
A Partner