

Annual Comprehensive Financial Report October 1, 2024 - September 30, 2025



Parks & Recreation



Finance & Admin



Police



Public Works



Fire-Rescue



General Services

City of Gainesville, Texas

About the Cover

Introduction

The City of Gainesville takes pride in delivering high-quality services that enrich the lives of residents and strengthen our community. Each department plays a vital role in advancing the City's mission, from ensuring transparency and fiscal responsibility to protecting public safety, enhancing community spaces, and investing in long-term sustainability. The following highlights showcase the dedication, innovation, and teamwork of our City staff, whose efforts continue to make Gainesville a place where our community members who live, work, and play here can thrive.

Parks & Recreation

The Civic Center was formally reopened in February 2025, making a new chapter for the central community space. The crew hosted 270 events via the Civic Center, Farmers Market, and local parks, ranging from meetings to fundraisers and celebrations. The Frankie Schmitz Express was transformed for two inaugural special events: the Frankie Fright Express and Frankie's Festival of Lights. Finally, the crew added some practical pieces to Gainesville in the form of five trees, planted along the Homegrown Hero Walking Trail and three new water fountains as part of a collaboration with local GISD student, Sydney Giles.

Finance & Admin

In March 2025, the City of Gainesville was recognized by Texas Comptroller Glenn Hegar as a Transparency Trailblazer. Gainesville was one of the first agencies to earn the recognition and one of only 11 agencies to have earned all six transparency stars. The Transparency Stars program recognizes local governments for going above and beyond in their transparency efforts. Government entities are awarded the recognition if they:

- Open their books in the areas of traditional finances, contracts and procurement, economic development, public pensions, debt obligations, and open government and compliance.
- Provide clear and meaningful financial information by posting financial documents, as well as thorough summaries, visualizations, downloadable data and other relevant information.

Pictured: Finance and Administration staff was recognized by City Council for their hard work to ensure that the City's information was accessible to the public based on the requirements outlined by the Texas Comptroller's office.

Police

The Gainesville Police Department takes a proactive approach to enhancing community safety while fostering positive interactions with citizens through exceptional customer service and active community engagement. Reflecting this commitment, the Department recently received the prestigious designation of "Accredited Law Enforcement Agency" from the Texas Police Chiefs Association Law Enforcement Accreditation Program, becoming the 213th agency in the state to earn the award. This voluntary process required a thorough self-review of policies, procedures, facilities, and operations, and since July 2023, the Department has worked diligently to demonstrate compliance with each of the Texas Law Enforcement Best Business Practices.

Public Works

The City of Gainesville's Wastewater Treatment Division was recognized by the National Association of Clean Water Agencies (NACWA) with the Platinum 5 Peak Performance Award for five years of 100% compliance, demonstrating an exceptional level of operational excellence and commitment to environmental protection. NACWA serves as a national leader in the promotion of clean and sustainable water resources. Only agencies who are in compliance with the National Pollutant Discharge Elimination System (NPDES) permits are eligible for this award. When an agency is in compliance, it means that the agency ensures that the product of the facility does not harm water quality or human health.

Pictured: WWT Division Staff holding the Gold Awards—5 years of Gold Awards made the facility eligible for Platinum recognition.

Fire-Rescue

Gainesville Fire-Rescue was honored with the **2025 Ed Wright Community Service Award for Cooke County**. The award was established to recognize individuals, organizations, and/or businesses for meritorious service to the College and/or the community that have made a difference at the College and in the community by giving their time and resources over an extended period of time. "Through volunteerism and outreach, they strengthen community connections and make a lasting impact... Their dedication extends to fundraising for breast cancer charities and involvement in the Medal of Honor Host City program... They actively promote fire safety within youth programs in the Gainesville ISD and serve as role models for the next generation."

Conclusion

Together, these accomplishments reflect Gainesville's commitment to excellence, accountability, and community connection. Whether through recognition at the state and national level, new opportunities for recreation and engagement, or initiatives that safeguard public health and safety, the City remains focused on serving its residents with integrity and vision. As we move into FY 2026, Gainesville will continue building on these successes to create an even stronger and more vibrant future for all.

CITY OF GAINESVILLE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

Prepared by:

Department of Finance

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CITY OF GAINESVILLE, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

TABLE OF CONTENTS

**Page
Number**

INTRODUCTORY SECTION

Letter of Transmittal	i – vi
GFOA Certificate of Achievement	vii
Organizational Chart	viii
Principal City Officials	ix

FINANCIAL SECTION

Independent Auditor’s Report	1 – 3
Management Discussion and Analysis	4 – 17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19 – 20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	21 – 22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24 – 25
Reconciliation of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
Statement of Net Position	27 – 28
Statement of Revenues, Expenses, and Changes in Fund Net Position	29 – 30
Statement of Cash Flows	31 – 32
Notes to the Financial Statements	33 – 59

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual	60 – 61
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	62 – 63
Schedule of Employer Pension Contributions – Texas Municipal Retirement System	64 – 65
Schedule Of Changes in OPEB Liability and Related Ratios – Supplemental Death Benefit Fund	66 – 67

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds	68 – 73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	74 – 79
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Assigned Projects Fund – Budget and Actual.....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund – Budget and Actual.....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Hotel/Motel Tax Fund – Budget and Actual	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Municipal Court Juvenile Case Manager – Budget and Actual.....	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Municipal Court Technology – Budget and Actual.....	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Municipal Court Security – Budget and Actual	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Law Enforcement Education – Budget and Actual.....	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance – State Seizure Fund – Budget and Actual.....	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance – City Athletic Fields – Budget and Actual	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cable Peg Fee – Budget and Actual.....	89
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cemetery Permanent Fund – Budget and Actual.....	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cohen Scholarship Fund – Budget and Actual.....	91

	<u>Table</u>	<u>Page Number</u>
STATISTICAL SECTION		
Net Position by Component	1	92 – 93
Changes in Net Position	2	94 – 97
Fund Balances of Governmental Funds.....	3	98 – 99
Changes in Fund Balances of Governmental Funds	4	100 – 101
Assessed and Estimated Actual Value of Property.....	5	102 – 103
Property Tax Rates Direct and Overlapping Governments.....	6	104 – 105
Principal Taxpayers	7	106
Property Tax Levies and Collections.....	8	107
General Governmental Tax Revenues by Source Property	9	108
Sales Tax Revenues Last Ten Years	10	109
Direct and Overlapping Sales Tax Rates	11	110
Franchise Fees Last Ten Years	12	111
Water and Sewer Rates-Residential	13	112 – 113
Water and Sewer Revenues.....	14	114
Ten Largest Consumers of Water	15	115
Solid Waste Fund Revenues Last Ten Years	16	116
Ratios of Outstanding Debt by Type	17	117 – 118
Ratios of Net General Obligation Bonded Debt To Assessed Value And Net General Obligation Bonded Debt Per Capita	18	119 – 120
Computation of Direct and Overlapping Bonded Debt.....	19	121
Legal Debt Limit	20	122 – 123
Revenue Bond Coverage	21	124
Demographic and Economic Statistics.....	22	125
Ten Largest Employers	23	126
Full-Time Equivalent Employees by Function.....	24	127 – 128
Operating Indicators by Function	25	129 – 130
Capital Asset Statistics by Function	26	131 – 132
COMPLIANCE SECTION		
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		133 – 134

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INTRODUCTORY SECTION

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March 17, 2026

Honorable Mayor and City Council
and the Citizens of the City of Gainesville, Texas:

The Annual Comprehensive Financial Report of the City of Gainesville (the “City”) for the fiscal year ended September 30, 2025, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue an annual report on its financial position and activity, and that an independent firm of Certified Public Accountants audit this report.

Responsibility for both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with management. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation costs and benefits require estimates and judgments by management. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The City Council contracted with Pattillo, Brown & Hill, Certified Public Accountants. The independent auditor has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2025, and the auditor’s report is located at the front of the financial section of the Annual Comprehensive Financial Report (ACFR).

Management provides 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.

GENERAL INFORMATION – CITY OF GAINESVILLE

The City is located in North Central Texas and was originally incorporated in 1873, with the first Charter being adopted in 1909 and the latest revision made on August 10, 1996. The City currently has a land area of 20 square miles and, as of the 2020 U.S. Census, a population of 17,912. The City is a home rule city and operates under the Council-Manager form of government. The City is comprised of six (6) wards. Each alternating year, voters of three wards elect their representatives, and, in odd numbered years, a citywide election is held for the Mayor's position. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Secretary.

The Charter requires that the City Council appoint a City Manager to act as the chief administrative and executive officer of the City. The City Manager is not appointed for a fixed time and may be removed at the will and pleasure of the majority of the City Council. One of the responsibilities of the City Manager is to appoint and remove department heads and conduct the general affairs of the City in accordance with the policies of the City Council. The City Manager is also responsible for carrying out the policies and ordinances of the City Council, and for overseeing the day-to-day operations of the City government.

The City provides to its citizens a full range of services including police and fire protection; water and sewer service; solid waste disposal; park and recreational activities; special events; maintenance of streets; cemetery; and stormwater control maintenance. In addition, the City provides planning for future land use; traffic control; building inspection and code compliance; operates one eighteen-hole golf course; the Frank Buck Zoo; Leonard Park Aquatic Center; and a general aviation airport. Electric, gas, telephone, cable television, and internet services are provided by private utilities including but not limited to PenTex Energy, TXU, Atmos Energy, Suddenlink, Nortex, and multiple telephone companies.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, Debt Service, Municipal Golf Course, Water and Sewer, Solid Waste, Airport, Stormwater, Assigned Fund, and Hotel/Motel Tax funds are included in the annual appropriated budget. The City Manager is authorized to transfer budgeted amounts within and among departments, while the City Council through a budget amendment ratifies any transfers and/or amendments made by the City Manager if they result in a net increase in total appropriations.

To remain in compliance with legal provisions contained in the annual budget approved by the City Council, purchase orders are required to follow the City's adopted policies and procedures. Purchase orders that are under three thousand dollars (<\$3,000) are approved by the Department Directors, while those over three thousand dollars (>\$3,000) are approved by the City Manager. Any purchase over fifty thousand dollars (>\$50,000) must be approved by the City Council.

The City's accounting records for general governmental activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities incurred. Accounting records for the City's utilities and other proprietary activities are maintained on an accrual basis.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Departmental appropriations that have not been expended by the department at the end of the fiscal year lapse and are not available for use unless appropriated in the ensuing fiscal year's budget.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Gainesville is located approximately 60 miles north from the centers of both Dallas and Fort Worth and therefore is not considered as a typical suburban community. In fact, due to its location and size, Gainesville is considered a rural community. While many attributes contribute to this perception, the economic reality for Gainesville is that it has become an economic hub for the North Central Texas and Southern Oklahoma Regions. The northern city limits are approximately one (1) mile from the Red River and Oklahoma border. The population service area of forty miles is in excess of 465,000 people. As a result, Gainesville is the largest employment center between Ardmore, Oklahoma and Denton, Sherman, and Wichita Falls, Texas. Gainesville is the business, service, and retail center for its region. Fueling this growth is the fact that Gainesville is at the crossroads of Interstate 35, the nation's main north-south trade route that runs from Canada to Mexico, and US Highway 82, the major east/west corridor serving all of northern Texas from Texarkana to Amarillo. Gainesville's economic diversity ranges from being considered the capital of the world's quarter horse industry to manufacturing roofing materials. The City's municipal airport is home to one of the world's leading airplane seat manufacturers. The City of Gainesville's strategic location attracts business growth in service, distribution, and transportation. The extensive resources available to companies include the North Texas Medical Center, North Central Texas College, close proximity to three major universities, skilled labor, transportation, and infrastructure upgrades continue to prove beneficial for the City of Gainesville in recruiting businesses to join the City's appealing friendly environment.

Historically, unemployment in Gainesville has been lower than the state average (3.0% Gainesville vs. 4.3% Texas). The new business development and diversity of economy are the main reasons for this lower unemployment rate. Gainesville's diversified employment center is fueled by the gaming industry in Oklahoma and by an increasingly trained workforce in various industries, including oil, gas, plastic molding, metal fabricating, metal finishing, aerospace, and agriculture. The following are significant program, infrastructure, and business developments for fiscal year 2025:

- Commercial construction projects began or were completed during the 2025 fiscal year at the intersection of US Highway 82 and Grand Avenue for a new McDonald's restaurant, a new 7-11 convenience store, and an Aldi supermarket.

- Two new commercial businesses, Take 5 Oil Change and 7 Brew Coffee, also started or completed construction on Highway 82 with a combined total value of approximately \$1.6 million.
- The City has continued working with multiple apartment developers for large, high-density multifamily projects. North Park Apartments began construction on a 222-unit apartment complex valued at approximately \$45 million. Also, construction continued on the first phase of Rock Creek Apartments consisting of four buildings and 210 units with an estimated value exceeding \$40 million.
- In the 2025 fiscal year, Camp Howze Development Partners, LLC continued forward with plans for an industrial park located on a BNSF Certified Site for purposes of developing a site for rail served industries and a transload facility.
- Southern Tire Mart completed a new project at an estimated value of \$5.5 million during the 2025 fiscal year.
- API Plastics constructed two 115,000 square foot storage buildings valued in excess of \$1.0 million.
- Trident Process Systems, LLC completed construction of a 4,500 square foot addition to its existing Gainesville facility as well as a 4,300 square foot canopy and a new retaining wall with a total estimated value over \$1.1 million.
- Construction was started on a new CareFlite hangar valued at \$840,000.
- A construction permit was issued to Hunter's Towing for a new facility to be located on FM 1201 at an estimated value of \$725,000. Additionally, a permit for construction of a new store was issued to Mavis Tire for \$685,000.

Ad Valorem Tax

The City is empowered to levy an Ad Valorem Tax on both real and business personal property located within its boundaries. The levy is set based on the Certified Tax Roll presented to the City by the Chief Tax Appraiser in July of each year. This is prior to settlement of any lawsuits which can take several months and can change the total assessed valuation. The tax levy is calculated at a 100% collection rate for Debt Service Fund and 97% for the General Fund.

Allocation of Ad Valorem Taxes

The revenue to be received from current tax collections is distributed between the General Fund and Debt Service Fund according to the ratio for allocation that is set when the budget is adopted. Allocation of ad valorem tax revenues by purpose for fiscal year 2025 and the preceding four years is reflected in the following table. The amounts in the table are per one hundred dollars of assessed value.

Purpose	2025	2024	2023	2022	2021
General	0.400700	0.429700	0.466600	0.497400	0.495200
Debt Service	0.135000	0.146300	0.157300	0.174700	0.192300
Total	0.535700	0.576000	0.623900	0.672100	0.687500

For Fiscal Year 2025, the Net Taxable Value increased by \$219,978,272 or 12.5% over the prior year.

Long-term Financial Planning

In order to provide the City with pertinent data to make decisions for multi-year policy direction, master plans have been developed with the help of third-party consultants. The documents focus on City needs for twenty or more years. These plans provide reasonable long-term objectives and realistic costs (at the time of the study), but the plans do not set practical methods for funding the improvements. In the 2021 fiscal year, Gainesville completed master plans for its water, sewer, drainage, and street systems. The City also completed a study on impact fees during Fiscal Year 2021, which began implementation in the 2022 fiscal year.

Gainesville examines its debt schedule annually to determine when it can issue debt for the succeeding 20 years without increasing the tax rate. Currently, the City can issue a total of \$43.78 million (FY 2026 - \$2.27 million, FY 2028 - \$5.58 million, FY 2030 - \$7.78 million, FY 2032 – \$4.55 million, FY 2034 - \$4.36 million, FY 2036 - \$1.65 million, FY 2038 - \$3.55 million, FY 2040 - \$1.03 million, FY 2042 - \$6.81 million, FY 2044 - \$2.85 million, and FY 2046 - \$3.35 million) in the next twenty years without increasing the tax rate to help reach its long-term goals. During Fiscal Year 2025, the City did not issue any new debt. The City Council will not approve a bond that increases the tax rate without voter approval.

The City utilizes the master plans along with the debt schedule to create a five-year capital improvement program (CIP), which is fiscally constrained by the five-year budget. The CIP and five-year budget are used as planning tools and do not commit the City to any project or project funding. The intent of the CIP and five-year budget is for the City to prioritize specific capital improvements and the means of financing the improvements during the subsequent five years. Recommended improvements are not approved until official action has been taken by the City Council to authorize funding for the improvements through its annual budget process.

The CIP and five-year budget for fiscal years 2026-2030 were approved by the City Council and are included in the fiscal year 2026 budget document. The CIP identifies the estimated costs of proposed future capital projects and the anticipated method of funding for each project. The total five-year program identified \$64.09 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$16.60 million or 25.90% and non-recurring at \$47.48 million or 74.10%.

Financial Policies

The City is required by ordinance to maintain a ninety (90) day reserve. At the close of the 2025 fiscal year, the City had an operating cash reserve for the General Fund of approximately 217 days. Detailed financial policies are included as part of the City's budget document and in the City's ordinances.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024. This was the thirty-third (33rd) year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized ACFR. This report satisfied 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 ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting its eligibility for another certificate.

In addition to the Certificate of Achievement, the City has also received GFOA's Distinguished Budget Presentation Award for the past fourteen years. In order to qualify for the award, the City's budget document was judged to be proficient in all categories including as a policy document, a financial plan, an operations guide, and a communications device. When submitted, we believe that the City's 2026 budget also meets the requirements to receive another award.

The preparation of the ACFR was made possible by the dedicated efforts of the entire staff of the City's Finance Department. Each member of the department is recognized for their tireless contribution to the completion of this report.

We also provide a special thank you to the Gainesville City Council for their leadership and support of sound fiscal management principles.

Sincerely,

Barry Sullivan

City Manager

J. J. Johnson, CPA

Finance Director

Olajinrin Osasanya, CPA

Controller



Government Finance Officers Association

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

Presented to

**City of Gainesville,
Texas**

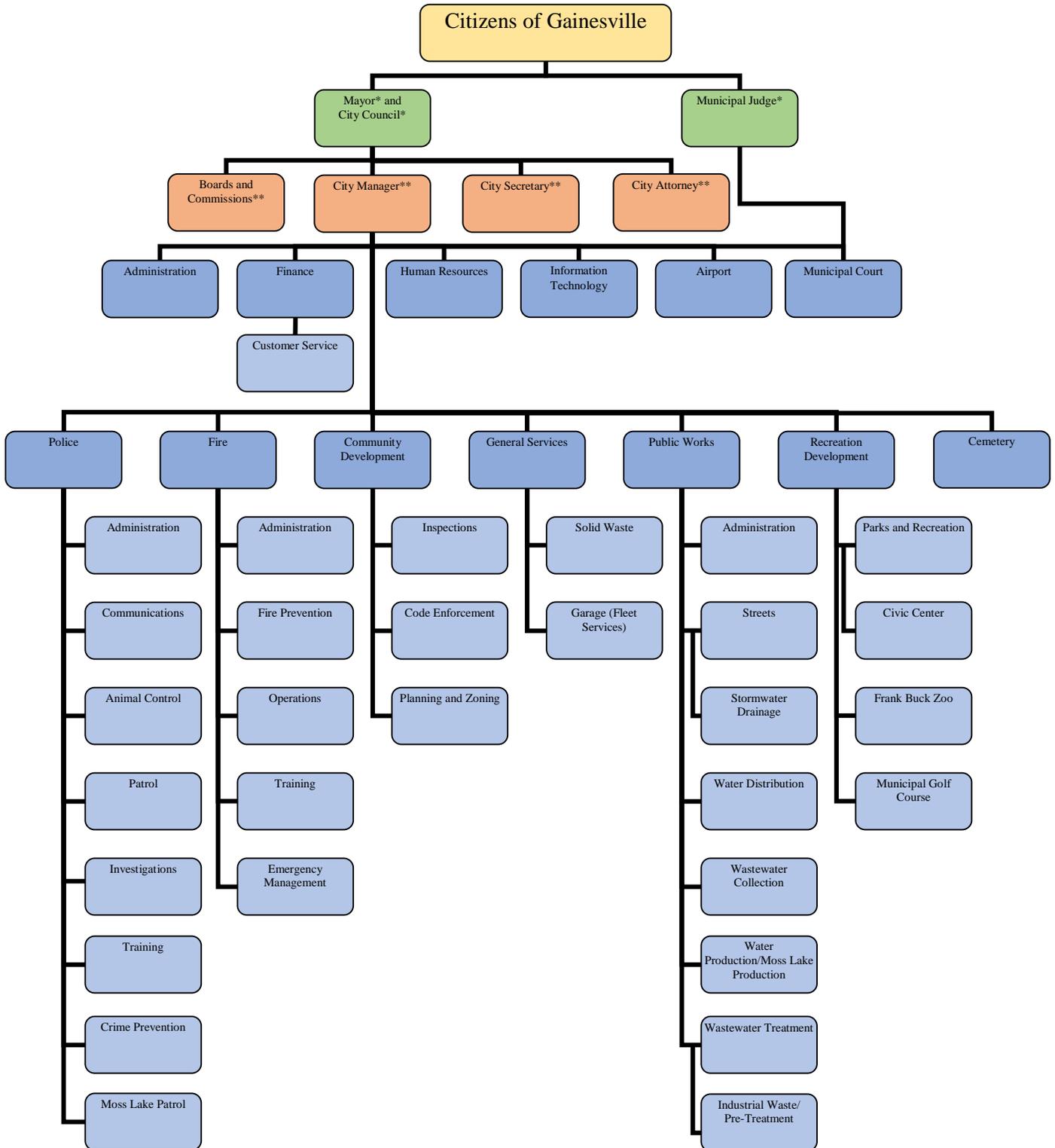
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

City of Gainesville, Texas Organizational Chart



CITY OF GAINESVILLE, TEXAS

September 30, 2025

LIST OF PRINCIPAL OFFICIALS

Title	Name
Mayor*	Tommy Moore
Council Member & Mayor Pro Tem*	Mary Jo Dollar
Council Member*	Linda Lewis
Council Member*	Dakota Nichols
Council Member*	Randy Jones
Council Member*	Gary Sutton
Council Member*	Jeff Johnson (vacant as of 1/5/2026)
City Manager**	Barry L. Sullivan
City Secretary**	Diana Loch
City Attorney**	Messer, Fort, & McDonald PLLC
Finance Director	J.I. Johnson
Police Chief	Kevin Phillips
Municipal Court Judge*	Chris Cypert
Fire Chief	Wayne Twiner
Director of Utilities	Allen McDonald
Community Services Director	Michael Doughty
Director of Human Resources	Leah Gore
Airport Manager	Andrew Holley

* Denotes Elected Official

** Denotes Appointed by City Council

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council and Citizens
City of Gainesville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas ("the City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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, Texas and to meet our other 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 opinions.

Emphasis of Matter – Accounting Change

As described in the notes to the financial statements, in fiscal year 2025 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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'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 GAAS 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 for 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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'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'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, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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’s basic financial statements. The combining and individual fund financial statements and schedules, introductory and statistical sections are presented for purposes of additional analysis and are 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 17, 2026

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gainesville, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City, on a government-wide basis, exceeded its liabilities and deferred inflows as of September 30, 2025, by \$126,048,383 (net position). Of this amount, \$36,799,407 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$16,407,507. The governmental net position decreased \$2,367,759; the business-type activities increased by \$18,755,266.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,978,902 (made up of \$12,658,678 in General Fund, \$5,732,590 in the Assigned Projects Fund, and \$13,587,634 other governmental funds), a decrease of \$11,565,023 in comparison with the prior year.
- Per City ordinance, Gainesville keeps a minimum of 90 days of budgeted operating expenses on hand in the General Fund. Any cash in excess of this amount can be used for other projects. The total unassigned fund balance in the General Fund at the close of Fiscal Year 2025 was \$12,656,124 and of that amount \$11,691,649 is cash. This represents 217 days of recurring General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community services, fleet and facility services, highways and streets, and public safety. The business-type activities of the City include the water and sewer system, solid waste, stormwater, municipal airport, and a golf course.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation. Financial information for this component unit is reported discretely in the government-wide financial statements.

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

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

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

The City maintains thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Assigned Projects Fund, and the 2022 CO Bond Fund, all of which are considered to be major funds. Data from the other twenty-seven 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 and certain budgetary schedules in this report. The basic governmental fund financial statements can be found immediately following this management’s discussion and analysis.

The City adopts an annual appropriated budget for its General Fund and several of the non-major governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, solid waste, stormwater, municipal airport, and golf course activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding pension and OPEB benefits to its employees and the budgetary schedule of the General Fund and major special revenue funds.

The combining statements and other budgetary schedules referred to earlier in connection to the non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$125,802,488 at the close of the most recent fiscal year.

A portion of the City’s net position, \$82,301,448, or 65% of total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$6,947,528 or 6% total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$36,799,407 may be used to meet the City's ongoing obligations to citizens and creditors.

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

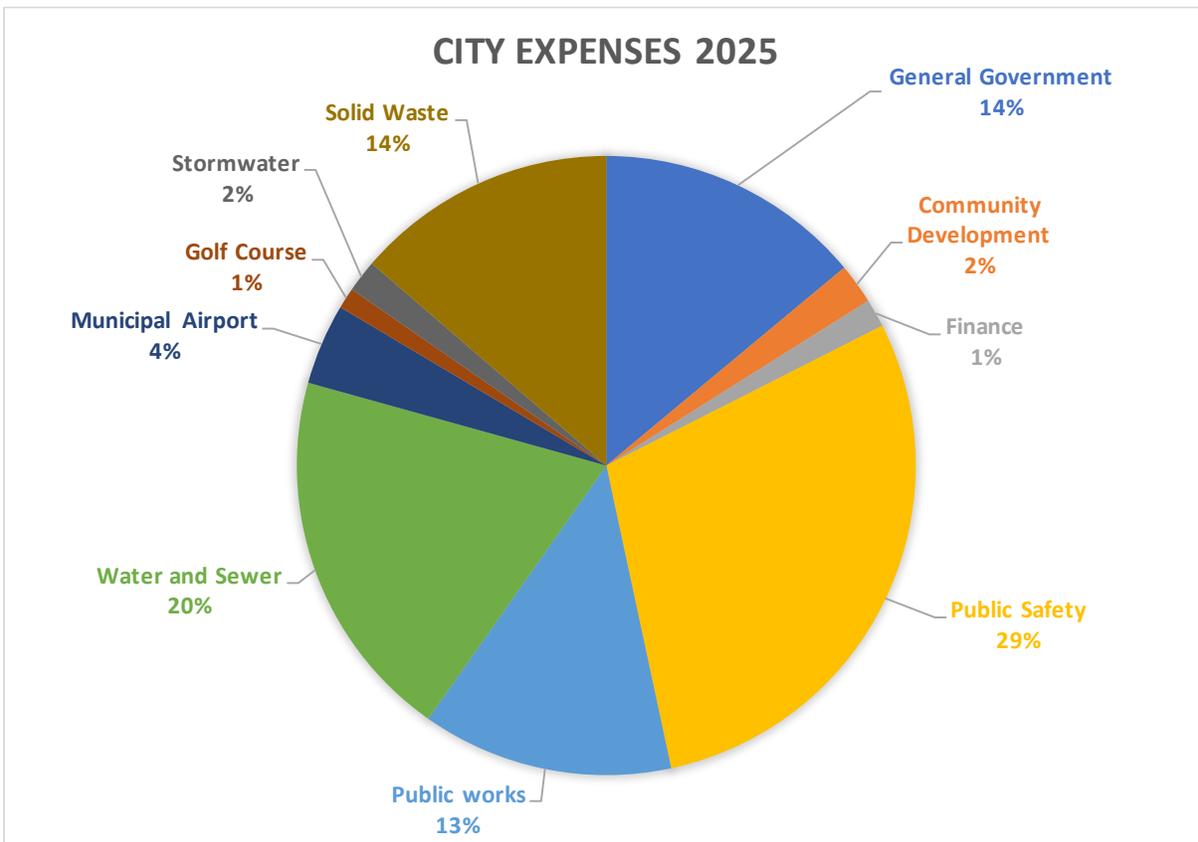
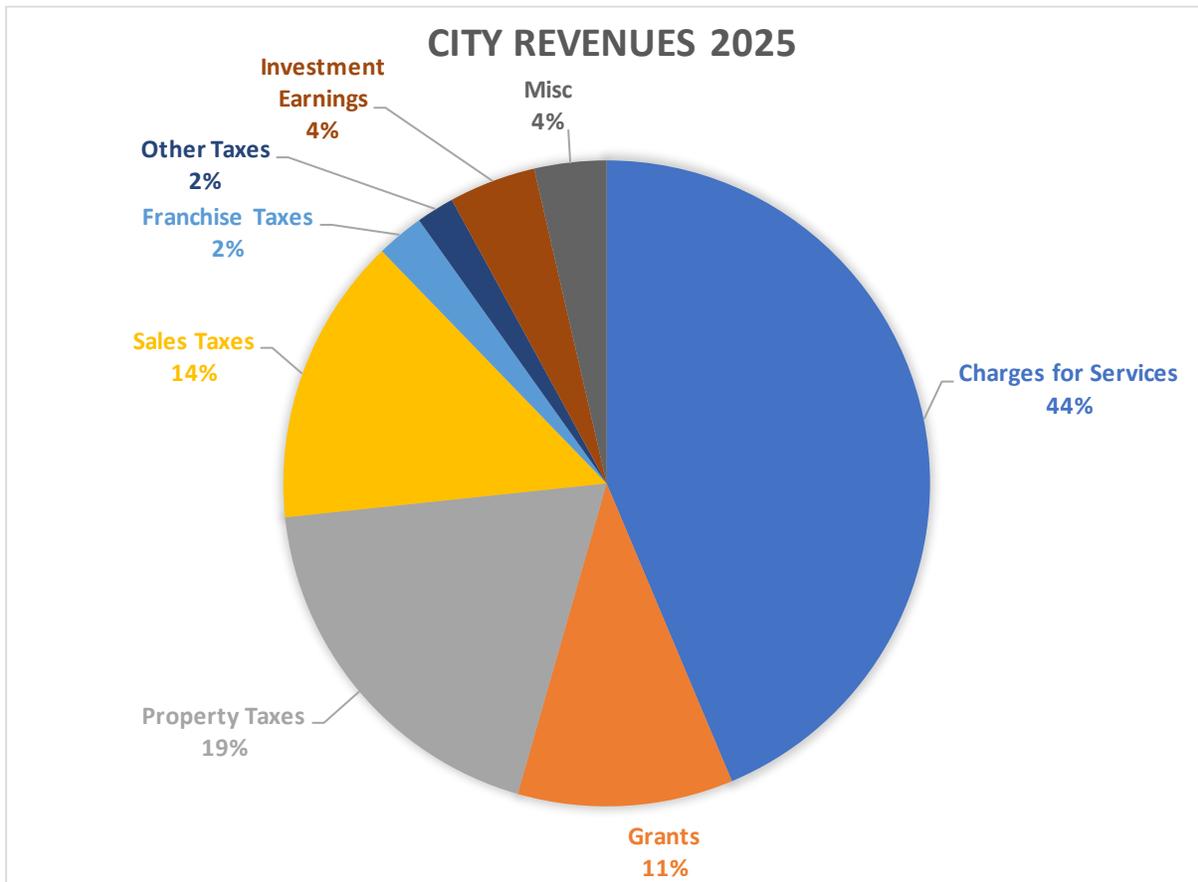
**CITY OF GAINESVILLE'S NET POSITION
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 36,644,529	\$ 50,487,690	\$ 24,491,043	\$ 17,710,903	\$ 61,135,572	\$ 68,198,593
Capital assets	47,873,281	42,327,752	84,486,662	73,075,236	132,359,943	115,402,988
Total assets	<u>84,517,810</u>	<u>92,815,442</u>	<u>108,977,705</u>	<u>90,786,139</u>	<u>193,495,515</u>	<u>183,601,581</u>
Total deferred outflows of resources	<u>2,160,029</u>	<u>2,918,057</u>	<u>558,059</u>	<u>784,462</u>	<u>2,718,088</u>	<u>3,702,519</u>
Long-term liabilities	24,797,194	29,540,822	37,536,712	41,392,245	62,333,906	70,933,067
Other liabilities	3,538,542	4,903,313	3,208,730	1,253,746	6,747,272	6,157,059
Total liabilities	<u>28,335,736</u>	<u>34,444,135</u>	<u>40,745,442</u>	<u>42,645,991</u>	<u>69,081,178</u>	<u>77,090,126</u>
Total deferred inflows of resources	<u>877,326</u>	<u>458,689</u>	<u>206,716</u>	<u>114,409</u>	<u>1,084,042</u>	<u>573,098</u>
Net position:						
Net investment in capital assets	33,656,033	34,745,979	48,645,415	34,236,318	82,301,448	68,982,297
Restricted	6,687,899	5,108,036	259,629	-	6,947,528	5,108,036
Unrestricted	17,120,845	20,976,660	19,678,562	14,573,883	36,799,407	35,550,543
Total net position	<u>\$ 57,464,777</u>	<u>\$ 60,830,675</u>	<u>\$ 68,583,606</u>	<u>\$ 48,810,201</u>	<u>\$ 126,048,383</u>	<u>\$ 109,640,876</u>

**CITY OF GAINESVILLE'S CHANGES IN NET POSITION
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 3,283,612	\$ 2,563,894	\$ 21,369,950	\$ 20,220,242	\$ 24,653,562	\$ 22,784,136
Operating grants & contributions	568,574	2,127,979	248,965	2,588	817,539	2,130,567
Capital grants & contributions	502,014	1,769,682	4,759,396	2,409,541	5,261,410	4,179,223
General revenues:						
Property taxes	10,662,120	9,963,691	-	-	10,662,120	9,963,691
Sales taxes	8,158,948	8,002,467	-	-	8,158,948	8,002,467
Franchise taxes	1,341,513	1,537,028	-	-	1,341,513	1,537,028
Other taxes	1,073,013	1,093,701	-	-	1,073,013	1,093,701
Investment earnings	1,738,059	1,968,444	714,580	673,954	2,452,639	2,642,398
Miscellaneous	648,226	1,375,515	1,349,932	798,079	1,998,158	2,173,594
Proceeds on sale of fixed assets	36,355	45,028	-	-	36,355	45,028
Total revenues	<u>28,012,434</u>	<u>30,447,429</u>	<u>28,442,823</u>	<u>24,104,404</u>	<u>56,455,257</u>	<u>54,551,833</u>
Expenses:						
General government	2,818,662	3,107,576	-	-	2,818,662	3,107,576
Community services	842,949	1,182,840	-	-	842,949	1,182,840
Finance	587,765	753,606	-	-	587,765	753,606
Public safety	11,653,711	15,135,143	-	-	11,653,711	15,135,143
Public works	5,256,872	5,498,314	-	-	5,256,872	5,498,314
Additional Payments on pension liability	2,255,000	250,000	-	-	2,255,000	250,000
Interest on long-term debt	517,866	416,323	-	-	517,866	416,323
Water and sewer	-	-	7,830,117	6,973,184	7,830,117	6,973,184
Municipal airport	-	-	1,693,758	1,943,174	1,693,758	1,943,174
Golf course	-	-	438,460	471,526	438,460	471,526
Stormwater	-	-	672,012	681,682	672,012	681,682
Solid waste	-	-	5,480,578	5,138,986	5,480,578	5,138,986
Total expenses	<u>23,932,825</u>	<u>26,343,802</u>	<u>16,114,925</u>	<u>15,208,552</u>	<u>40,047,750</u>	<u>41,552,354</u>
Increase in net position before transfers	<u>4,079,609</u>	<u>4,103,627</u>	<u>12,327,898</u>	<u>8,895,852</u>	<u>16,407,507</u>	<u>12,999,479</u>
Transfers	<u>(6,447,368)</u>	<u>467,588</u>	<u>6,447,368</u>	<u>(467,588)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(2,367,759)</u>	<u>4,571,215</u>	<u>18,775,266</u>	<u>8,428,264</u>	<u>16,407,507</u>	<u>12,999,479</u>
Net position - beginning of year	60,830,675	56,535,310	48,810,201	40,381,937	109,640,876	96,917,247
Restatement						
Net position - beginning of year, as restated	<u>(998,139)</u>	<u>(275,850)</u>	<u>998,139</u>	<u>-</u>	<u>-</u>	<u>(275,850)</u>
Net position - end of year	<u>\$ 57,464,777</u>	<u>\$ 60,830,675</u>	<u>\$ 68,583,606</u>	<u>\$ 48,810,201</u>	<u>\$ 126,048,383</u>	<u>\$ 109,640,876</u>

The following graphs provide a summary of the operations for the year ended September 30, 2025:



The following key elements influenced the changes in net position from the prior year:

Revenues for FY 2024-2025 increased by \$1,869,426, or 3.5% in comparison to the prior year. The increase is primarily due to increases in property taxes, charges for services, operating grants and contributions and capital grants and contributions. Water and sewer charges for services increased by \$1,149,708 over the prior year due to the growth within the City and increased usage of services. The city has experienced significant growth in population over the last few years and is increasingly attracting businesses. The city continues to look for investment and grant opportunities to facilitate future growth.

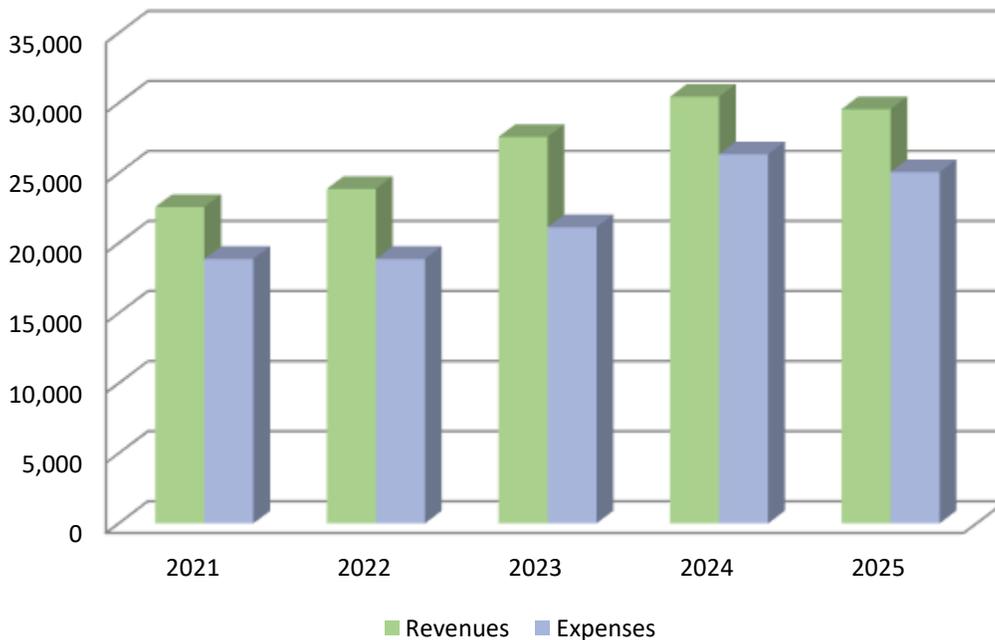
Governmental Activities

Governmental activities decreased the City’s net position by \$2,367,759. The following factors contributed to this change:

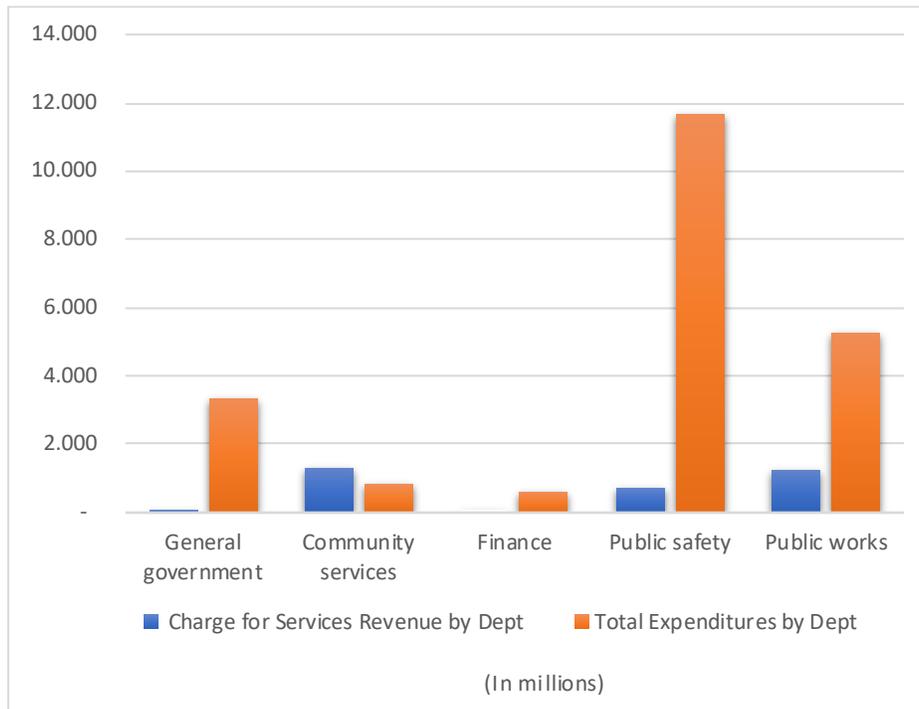
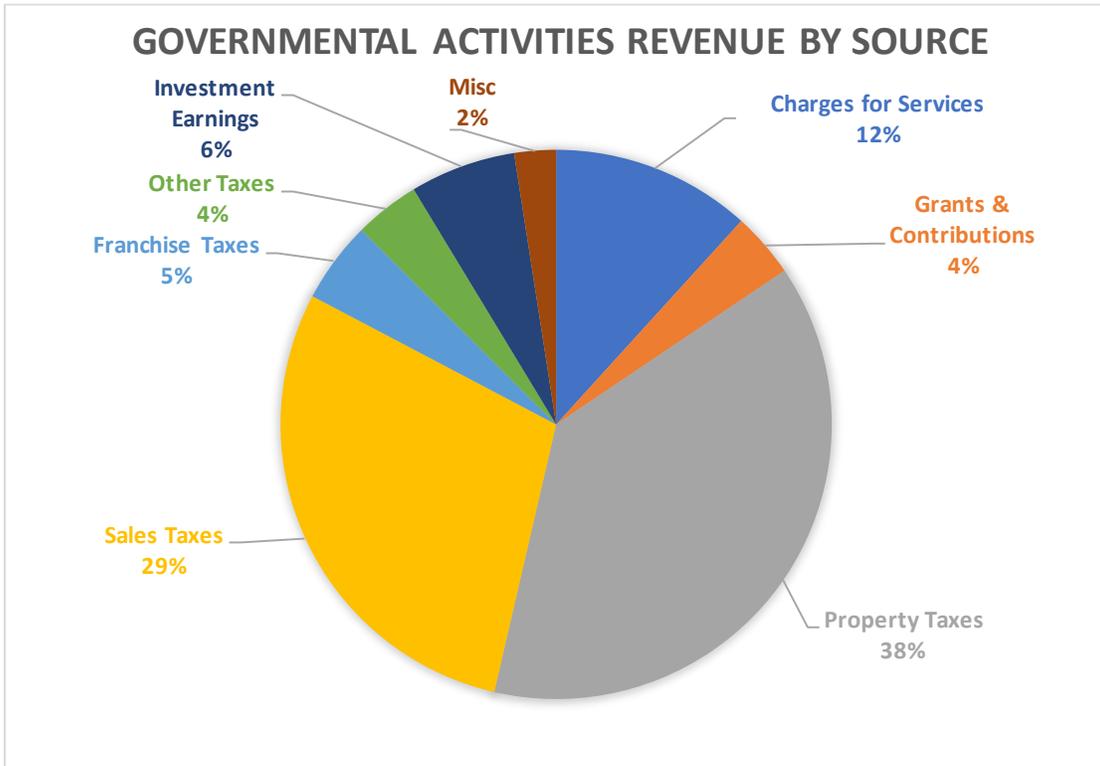
- Property taxes increase by \$698,429, or 7% primarily due to increases in property values and as well as the base population of individual homes and businesses.
- Charges for services increased by \$719,718 or 28% primarily due an increase in court fees collected along with various services such as licenses and permits being sold.
- Total governmental activity expenses decreased by \$ 2,410,977 during the year primarily due to the less spending related to operating and capital grants. This decrease in expenses was offset by a reduction in corresponding revenues. The City transferred out \$6,447,368 to business-type activities related to construction of water and sewer projects.

The following graph depicts the five-year history of the expenses and revenues of the City’s governmental activities:

Five Year History
(In Thousands)



The following graphs depict current year revenues and expenses of governmental activities by source:

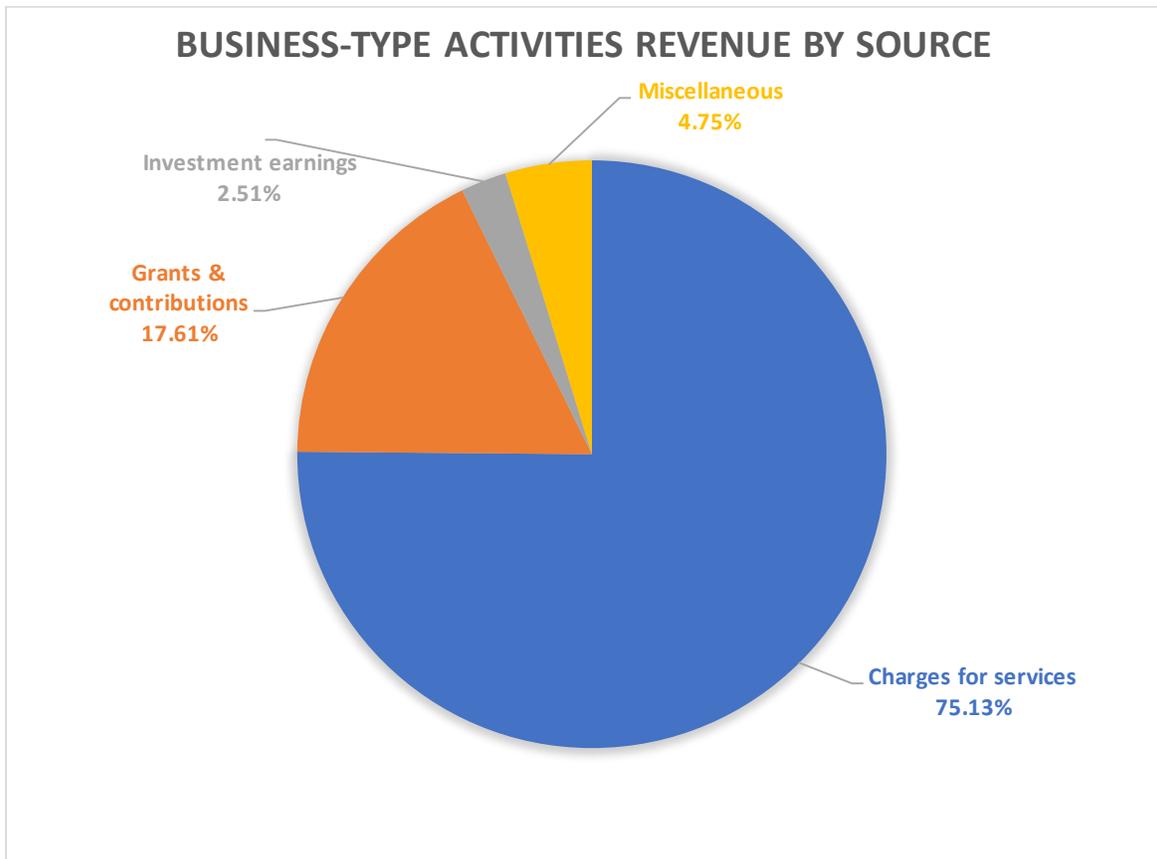


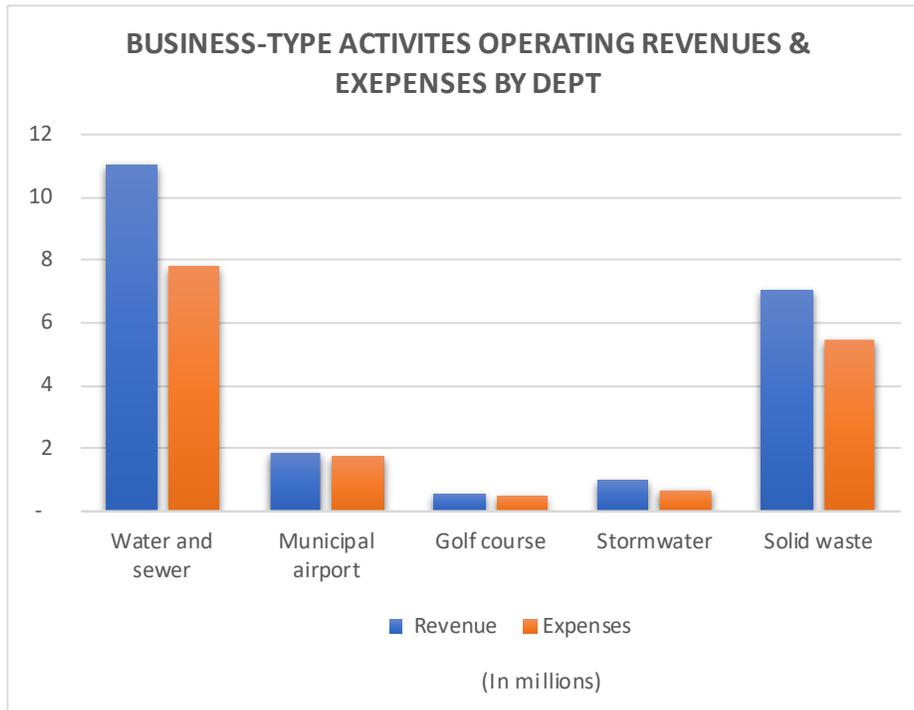
Business-Type Activities

Business-type activities increased the City’s net position by \$18,775,266. The following factors contributed to this change:

- Total revenues of the business-type activities increased by \$4,338,419 from the previous year. The largest contribution to this increase is due to an increase in capital grants and contributions from developers.
- Charges for services increased by \$1,149,708 from the previous year due to an increase in water and sewer charges for service and increases in usage. Water and sewer expenses increased \$364,655 from the previous year due to increased maintenance costs, partially offset by a decrease in the amount paid on the City’s pension liability.
- Total operating revenues of the Solid Waste Fund increased \$1,351,260 compared to the prior year primarily due to increases in solid waste residential revenues; fees charged for small containers, extra pick-up and delivery fees; and roll-off/compactor pick-up fees.
- The Municipal Airport Fund’s operating revenues increased by \$76,477 due to increased fuel sales.
- Total operating revenues at the golf course increased by \$145,991 primarily as the result of increased play.

The following graphs depict current year revenues and expenses of business-type activities by source:





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,978,902, a decrease of \$11,565,023 from the prior year. Most of the decrease is due to continued spending of bonds funds for on-going capital projects. Of the current combined ending fund balance, \$1,969,098 is nonspendable due to inventory and the cemetery, \$ 8,824,360 is restricted for debt service, construction, grants, tourism and other city services, \$ 8,597,820 is assigned, and \$12,585,070 is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,656,124. Total fund balance of \$12,658,678 represents 217 days of total General Fund expenditures. The slight decrease in fund balance is primarily due to increase in public safety expenditures.

The Assigned Projects Fund has a total fund balance of \$5,732,590; all of which is assigned for future projects. The change in fund balance is a decrease of \$1,461,348 primarily due to an expenditure of \$2,255,000 for an additional payment on pension liability.

The 2022 CO Bonds Fund has fully expended the remaining fund balance as of 2025, as the capital project is currently under construction and the assets acquired through the bond issue are utilized and funds have been dedicated.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Water and Sewer Fund is \$12,359,986; the Solid Waste Fund is \$4,778,741; Stormwater Utility Fund is \$1,205,323; Municipal Airport Fund is \$1,336,111; and the Golf Course Fund has an unrestricted negative net position of \$1,599.

Business-type activities increased the City's net position by \$18,766,845. As noted previously, all five of the City's proprietary funds saw an increase in net position for the 2025 fiscal year. Following are the key elements of these increases/decreases:

- The Water and Sewer Fund had an increase in net position of \$18,675,013, primarily resulting from the fund's operating income exceeding operating expenses by \$4,530,518. Water and Sewer's net investment in capital assets increased due to the City's ongoing infrastructure improvements and, additionally, due to infrastructure being completed for the Elkin's Liftstation and mill and overlay projects respectively. Capital contributions from developers and transfers from governmental capital projects funds were the biggest drivers of the increase in net position.
- The Solid Waste Fund increased its net position by \$1,524,114. Operating expenses remain significantly less than operating revenues.
- The Stormwater Fund experienced an increase in net position of \$307,888 which is less than the prior year as operating expenses continued to climb.
- Net position of the City's municipal airport increased by \$119,377 because of the increase in its fuel sales and hanger rentals.
- The Golf Course Fund's operating revenues increased its total net position by \$130,365 due to increased play time.

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2025, the City budgeted an overall increase in the fund balance of the General Fund of \$350,470. During the year, however, actual General Fund revenues exceeded projections by \$776,386, and expenditures of \$659,662 were less than what was budgeted.

Of the revenues in the General Fund, those that contributed significant increases over the projected budget was the city sales tax \$548,948 and franchise taxes of \$124,178 along with licenses and permits getting an increase of \$189,016 in revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

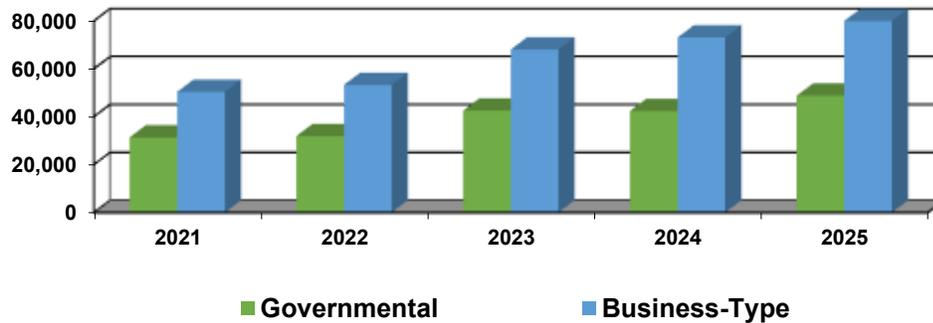
Capital assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, is \$132,359,943 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, vehicles, equipment, infrastructure, facilities, and right to use equipment.

Major capital asset events during the current fiscal year included the following:

- A project to expand and renovate the City's Civic Center continued forward in Fiscal Year 2025. The total capitalized balance of the project as of September 30, 2025 was \$2,680,275.
- A project at the City's Wastewater Treatment Plant for UV disinfection was completed during the 2025 fiscal year at a total cost of \$1,840,459.
- As part of the City's Street and Utility Maintenance Program (SUMP), a mill and overlay project of Field Street that had begun in a prior year was completed at a total cost of approximately \$4.4 mil as of September 30, 2025.
- A capital project to replace Fire Station 2 on the eastern side of the City was started in Fiscal Year 2024-2025. Cumulative cost of the project at September 30, 2025 was approximately \$1.8 million.
- The City continued the construction of the Elkins Lift Station with total cost of \$9,293,913 spent at the end of 2025 fiscal year.
- The Chalmers sewer line improvement also continued in 2025 fiscal year with a total cost of \$2,212,311 spent to date.
- The City's Fire Station 2 was completed in 2025 fiscal year with a total cost of \$4,376,365.64.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Government-wide capital assets:						
Land	\$ 5,998,122	\$ 5,937,493	\$ 8,275,310	\$ 8,120,531	\$ 14,273,432	\$ 14,058,024
Water Storage Rights	-	-	4,324,618	4,324,619	4,324,618	4,324,619
Buildings	12,690,020	12,464,389	24,145,090	24,121,624	36,835,110	36,586,013
Improvements	103,679,810	102,979,381	44,221,363	43,863,774	147,901,173	146,843,155
Motorized Vehicles	8,743,042	8,371,794	7,919,370	8,126,088	16,662,412	16,497,882
Machinery & Equipment	4,516,140	4,289,302	9,115,802	5,972,622	13,631,942	10,261,924
Office Equip, Furniture & Fixture	960,756	902,430	429,050	363,685	1,389,806	1,266,115
Plant in Service Water	-	-	15,929,718	15,725,730	15,929,718	15,725,730
Plant in Service Sewer	-	-	6,847,015	6,435,273	6,847,015	6,435,273
Construction in progress	<u>12,373,384</u>	<u>6,421,351</u>	<u>15,034,814</u>	<u>5,005,059</u>	<u>27,408,198</u>	<u>11,426,410</u>
Total capital assets	<u>148,961,274</u>	<u>141,366,140</u>	<u>136,242,150</u>	<u>122,059,005</u>	<u>285,203,424</u>	<u>263,425,145</u>
Less: accumulated depreciation	<u>(101,087,993)</u>	<u>(99,038,388)</u>	<u>(51,755,488)</u>	<u>(48,983,769)</u>	<u>(152,843,481)</u>	<u>(148,022,157)</u>
Government-wide capital assets, net	<u>\$ 47,873,281</u>	<u>\$ 42,327,752</u>	<u>\$ 84,486,662</u>	<u>\$ 73,075,236</u>	<u>\$ 132,359,943</u>	<u>\$ 115,402,988</u>

Capital Assets (net) Five Year History (in thousands)



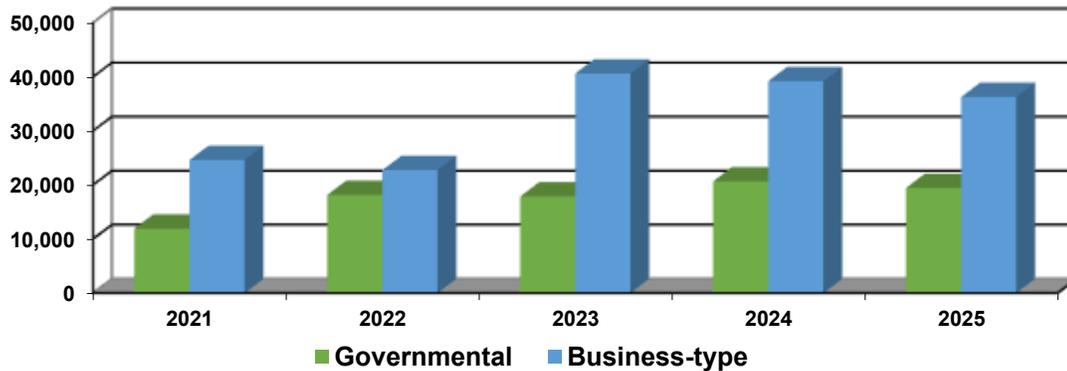
Additional information on the City's capital assets can be found on pages 43-45 of the notes to the financial statements.

Long-term liabilities – At the end of the current fiscal year, the City had long-term liabilities outstanding of \$55,707,805. Of this amount, \$19,434,525 is in the City's governmental activities and \$36,273,150 is in business-type activities.

Total long-term liabilities consisted of the following:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Long-term liabilities:						
General obligation bonds	\$ 3,713,750	\$ 4,334,144	\$ 4,981,042	\$ 5,705,648	\$ 8,694,792	\$ 10,039,792
Certificates of obligation	12,841,451	13,363,389	21,643,549	22,986,609	34,485,000	36,349,998
Contract revenue bonds	-	-	7,164,600	7,955,560	7,164,600	7,955,560
Premium on bonds	1,155,270	1,237,427	1,444,642	1,560,959	2,599,912	2,798,386
Arbitrage liability	718,013	618,160	-	-	718,013	618,160
Postclosure Landfill	-	-	849,804	830,234	849,804	830,234
Compensated absences	<u>1,006,041</u>	<u>1,115,341</u>	<u>189,513</u>	<u>140,261</u>	<u>1,195,554</u>	<u>1,255,602</u>
Total long-term liabilities	<u>\$ 19,434,525</u>	<u>\$ 20,668,461</u>	<u>\$ 36,273,150</u>	<u>\$ 39,179,271</u>	<u>\$ 55,707,675</u>	<u>\$ 59,847,732</u>

**Outstanding Debt
Five Year History
(in thousands)**



Additional information on the City’s long-term liabilities can be found on pages 46-50 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The continued focus of the City of Gainesville is to maintain unassigned fund balances that match the City’s established requirements and goals. Gainesville has been able to do this over the past several years, which has allowed the City to start refocusing more attention on capital improvements using excess cash instead of debt. The fiscal year 2026 budget will utilize the Assigned Projects Fund to pay nearly \$550,000 in capital expenditure costs. Additionally, \$1,900,000 has been budgeted in this same Assigned Projects Fund to pay down the City’s unfunded pension liability in the 2026 fiscal year.

The City’s demolition program continues to create open space for additional commercial and residential infill development. In Fiscal Year 2025, forty-seven (47) substandard residential structures were removed, while nine (9) commercial buildings were demolished. To date, the City’s voluntary demolition program has removed over 800 structures with a total of one hundred thirteen (113) new construction permits issued to fill those lots.

New residential construction in the Liberty Pointe subdivision continued throughout Fiscal Year 2025 with forty-four (44) new construction permits issued to Riverside Lackland Holdings. Additionally, twelve (12) new residential permits were issued to private builders bringing the total to fifty-six (56) permits during 2025.

Rock Creek Apartments continued construction on the first phase of their apartment complex, which consists of four buildings and 210 total units with an estimated value over \$40 million. In addition, Northpark Apartments began construction in the 2025 fiscal year on its 222-unit complex with an estimated value of \$45 million.

In the 2025 fiscal year, Camp Howze Development Partners, LLC continued to acquire and annex property into their planned industrial park located on a BNSF Certified Site for the development of a transload facility. Upon completion, the site is expected to bring approximately 500 new jobs and at least \$200 million in taxable property value to the City. Presently, Camp Howze is still working to acquire and annex additional property into the complex.

In addition to the above, the City’s commercial development has continued to grow and reflects an economy that has added diversified sectors to the overall economy of the municipality. This is further exemplified by the following projects:

- Construction was started or completed in Fiscal Year 2025 for three new commercial/retail businesses at the intersection of US Highway 82 and Grand Avenue: a new McDonald’s restaurant; a new 7-11 convenience store/gas station; and an Aldi supermarket.
- Three prior substandard structures were demolished on US Highway 82 to provide space for two additional commercial businesses, a Take 5 Oil Change and 7 Brew Coffee. The estimated total value of both businesses is approximately \$1.6 million.

- Southern Tire Mart completed a construction project with an estimated value of \$5.5 million during the 2025 fiscal year while Mavis Tire obtained permitting and began construction of a new store located on Grand Avenue with an estimated value of \$685,000.
- Trident Process Systems, LLC completed construction of an addition to its existing Gainesville facility, as well as a new canopy and retaining wall, with a total value over \$1.1 million.
- A new CareFlite hangar located at the Gainesville Municipal Airport started construction in the 2025 fiscal year with a value of \$840,000.

The City of Gainesville expects growth to continue in the upcoming 2026 year and beyond. With the progress made by the Texas Department of Transportation (TXDOT) project on Interstate 35; the location of Winstar Casino a few miles north of the City in Oklahoma; and the ever-expanding Dallas-Fort Worth Metroplex, Gainesville is poised to provide a great location for an influx of both residential and commercial growth.

General Fund

A major revenue source for the General Fund will continue to be the City's 1.25-cent sales tax. The City's approach to budgeting for this revenue has been historically conservative due to the unpredictability of sales tax revenues in general, and especially in consideration of the economic volatility of the oil and gas industry. In the City's Fiscal Year 2026 budget, the City has projected to collect \$7,189,000 in sales taxes, net of sales tax rebates. This amount is \$421,000 or 5.5% less than the final revised budgeted sales tax revenues for the most recently completed 2025 fiscal year. It should also be noted that the City's actual sales tax revenues for the 2025 fiscal year exceeded its final budget by \$372,338 or 4.9%.

The other largest revenue source for the General Fund is ad valorem (property) taxes. For the upcoming fiscal year, the City increased its property tax rate from \$0.535700 to \$0.573779 per \$100 of appraised property value. Total ad valorem tax revenue (including delinquent penalties) in the General Fund is projected to increase over the prior year's final revised budget by \$523,407 or 6.7% as the result of continuing appreciation in property values and ongoing new construction in addition to the aforementioned rate increase. Total ad valorem tax revenue (including delinquent penalties) is projected to be \$10,890,151. This total is divided between the General Fund (\$8,374,810) and the Debt Service Fund (\$2,515,341).

Enterprise Funds

The City's enterprise funds are Water and Sewer; Solid Waste; Stormwater Drainage Utility; the Municipal Airport; and Golf. In total, revenues for the City's enterprise funds are projected to increase for Fiscal Year 2026 in comparison to the 2025 originally adopted budget by \$1,037,940 or 5.1%. Additional information on each of the enterprise funds is presented in the following paragraphs.

Water and Sewer Fund

The new 2026 fiscal year revenues for the Water and Sewer Fund are budgeted to be \$11,277,705, or an increase of \$633,925 or 6.0% over the City's original budget of the 2025 fiscal year. Total transfers of \$1,496,737 are projected to be made to the General Fund to pay for administrative services and to pay the franchise fee for use of the City's right-of-way, which is required for all utility services located within the City and which is required by the City Code.

Expenses are budgeted to decrease compared to the City's final budget for 2025 by \$1,609,647 or 12.5% in Fiscal Year 2026. The large majority of this decrease (91.9%) is attributable to a decrease in budgeted capital expenditures for the Water and Sewer Fund of \$1,478,500. Fees charged to customers for Water and Sewer services will be increased by 4.5% for the upcoming 2026 fiscal year.

Solid Waste Fund

Revenues for the Solid Waste Fund have been budgeted to increase from the prior year's adopted budget by \$565,794 or 9.4%. Expenses are expected to increase by \$109,282 or 1.6% over the final revised budget for Fiscal Year 2025 primarily due to increases in personnel and capital costs. Fees for this fund will remain static in Fiscal Year 2026.

Airport Fund

The Municipal Airport's revenues for the new 2026 fiscal year are budgeted to decrease by \$208,060 or 10.1% compared to the prior year's originally adopted budget. This projected decrease is primarily attributable to a budgeted decrease in grant revenues for the Airport of \$188,400 or 72.8%. The Municipal Airport's largest revenue source is fuel sales, which has been conservatively budgeted at \$1,532,700 for Fiscal Year 2026. For the recently completed 2025 fiscal year, fuel sales totaled \$1,580,567. Expenses are expected to increase by \$142,050 or 8.5% with the most significant increases budgeted in personnel and capital costs.

Other Funds

Stormwater Drainage's revenues for the upcoming 2026 fiscal year are budgeted to increase slightly by \$5,255 or 0.4% in comparison to the City's 2025 final budget. The Golf Fund's revenues are budgeted to increase by \$33,390 or 6.9% compared to the final budget for Fiscal Year 2025. Expenses for the Stormwater Drainage Utility Fund are budgeted for a decrease of \$120,106 or 8.0%, while expenses for the Golf Fund are projected to increase slightly by \$28,987 or 6.0%. The most significant factor in the budgeted decrease for Stormwater Drainage is a projected decrease in capital expenditures of \$80,000 or 20.5%. Alternatively, the projected increase in expenses for the Golf Fund is mostly due to personnel related costs.

Additional Information

The Fiscal Year 2026 budget includes personnel "pay-for-performance" programs. Gainesville's compensation plan is designed to accomplish two goals – (1) to compensate employees in direct relation to the value of their position on the external competitive market; and (2) to compensate employees based upon their individual job contributions to the City.

The 2026 budget also includes a 13.42% match for employee retirement contributions, which is the same as it had been for the Fiscal Year 2025 rate. This contribution increase will fund the City's match for employee retirement contributions with the Texas Municipal Retirement System (TMRS) that had been increased from 6% to 7% beginning in 2024.

All departments in the City continue to keep expenses to a minimum and maintain the highest level of safety, service, and recreation for the citizens of Gainesville.

Per the City's current capital improvement program, capital projects for Fiscal Years 2026-2030 are projected to be \$64.09 million. Of this amount, recurring capital projects funded from the City's annual operating budgets total \$16.60 million. Nonrecurring projects amounting to \$47.48 million will be covered by debt service funds, long-term contracts, and project funds established from previous budgets. Among the capital expenditures included in the City's operating budget for Fiscal Year 2026 are the following:

- The Water and Sewer Fund is projecting to spend \$440,000 for the acquisition of a hydro jet/vacuum combination sewer cleaning truck.
- The Cemetery Department has budgeted \$90,000 for the purchase of a new compact skid steer/backhoe unit that would allow it to move and load dirt while damaging less turf and fitting into smaller spaces.
- Three new patrol vehicles have been budgeted for the Police Department from the Assigned Fund at a total cost just over \$200,000.
- The Solid Waste Fund has budgeted \$219,576 to purchase two additional transfer trailers to be used in transporting solid waste to the landfill.
- The Landfill/Disposal Division of the Solid Waste Fund has also budgeted \$162,445 for the purchase of a new semi-trailer truck.
- The Stormwater Utility Fund has budgeted \$205,000 in Fiscal Year 2026 for the acquisition of a new 12/14 yard tandem axle dump truck.
- A replacement swift water rescue boat, including motor and trailer, has been budgeted for the Fire Department from the Assigned Fund at a cost of \$38,000.
- The Solid Waste Fund has also budgeted approximately \$83,000 for replacement carts and metal refuse containers.

- The Municipal Airport Fund has budgeted \$115,000 for a project removing a section of deteriorated asphalt pavement from the taxiway and replacing it with concrete.
- The Golf Fund has budgeted \$35,000 to purchase a greens mower in the 2026 fiscal year.
- A total of \$20,000 has been budgeted for the ceiling replacement of the Civic Center's main entrance, meeting rooms, and offices.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department at the following address: Director of Financial Services, 200 South Rusk, Gainesville, Texas 76522. Call 940-668-4500 or visit our website at <https://www.gainesville.tx.us/>.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF GAINESVILLE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 33,229,878	\$ 11,165,062	\$ 44,394,940	\$ 8,639,545
Receivables, net of allowance				
Taxes	1,479,928	11,649	1,491,577	254,663
Service	-	4,060,084	4,060,084	-
Other	1,932,169	500,747	2,432,916	14,993
Inventory	2,554	-	2,554	-
Prepaid	-	1,000,549	1,000,549	-
Restricted cash	-	7,752,952	7,752,952	-
Capital assets:				
Nondepreciable	18,371,506	27,634,742	46,006,248	248,094
Depreciable, net	<u>29,501,775</u>	<u>56,851,920</u>	<u>86,353,695</u>	<u>1,346,292</u>
Total Assets	<u>84,517,810</u>	<u>108,977,705</u>	<u>193,495,515</u>	<u>10,503,587</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	197,359	95,612	292,971	-
Deferred outflows - pensions	1,917,452	451,794	2,369,246	59,754
Deferred outflows - OPEB	<u>45,218</u>	<u>10,653</u>	<u>55,871</u>	<u>1,409</u>
Total deferred outflows of resources	<u>2,160,029</u>	<u>558,059</u>	<u>2,718,088</u>	<u>61,163</u>
LIABILITIES				
Accounts payable	1,323,712	2,610,820	3,934,532	12,857
Accrued expense	609,198	97,141	706,339	6,329
Accrued interest payable	91,682	199,441	291,123	-
Deposits	18,354	301,328	319,682	1,500
Unearned revenue	1,495,596	-	1,495,596	-
Due from other governments	-	-	-	43,303
Noncurrent liabilities:				
Due within one year:				
Long-term debt	1,514,010	3,037,542	4,551,552	1,191
OPEB liability	21,929	5,167	27,096	683
Due in more than one year:				
Long-term debt	17,920,515	33,235,608	51,156,123	4,763
Net pension liability - TMRS	4,815,895	1,134,730	5,950,625	150,077
OPEB liability	<u>524,845</u>	<u>123,665</u>	<u>648,510</u>	<u>16,356</u>
Total liabilities	<u>28,335,736</u>	<u>40,745,442</u>	<u>69,081,178</u>	<u>237,059</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	740,320	174,435	914,755	23,070
Deferred inflows - OPEB	<u>137,006</u>	<u>32,281</u>	<u>169,287</u>	<u>4,270</u>
Total deferred inflows of resources	<u>877,326</u>	<u>206,716</u>	<u>1,084,042</u>	<u>27,340</u>
NET POSITION				
Net investment in capital assets	33,656,033	48,645,415	82,301,448	1,594,386
Restricted for:				
Debt service	2,034,028	-	2,034,028	-
Impact fees	841,429	259,629	1,101,058	-
Grants	141,710	-	141,710	-
Tourism & the Arts	843,793	-	843,793	-
Cemetery (nonspendable)	1,969,098	-	1,969,098	-
Public safety	857,841	-	857,841	-
Unrestricted	<u>17,120,845</u>	<u>19,678,562</u>	<u>36,799,407</u>	<u>8,705,965</u>
Total net position	<u>\$ 57,464,777</u>	<u>\$ 68,583,606</u>	<u>\$ 126,048,383</u>	<u>\$ 10,300,351</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GAINESVILLE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 2,818,662	\$ 8,742	\$ 566,244
Community development	842,949	1,286,917	-
Finance	587,765	-	-
Public safety	11,653,711	741,284	-
Public works	5,256,872	1,246,669	2,330
Additional payments on pension liability	2,255,000	-	-
Interest on long-term debt	517,866	-	-
Total governmental activities	<u>23,932,825</u>	<u>3,283,612</u>	<u>568,574</u>
Business-type activities:			
Water and sewer	7,830,117	11,027,003	213,515
Municipal airport	1,693,758	1,807,710	35,450
Golf course	438,460	534,319	-
Stormwater	672,012	977,732	-
Solid waste	5,480,578	7,023,186	-
Total business-type activities	<u>16,114,925</u>	<u>21,369,950</u>	<u>248,965</u>
Total primary government	<u>\$ 40,047,750</u>	<u>\$ 24,653,562</u>	<u>\$ 817,539</u>
Component unit:			
Economic development	<u>2,142,191</u>	-	<u>182,656</u>
Total component unit	<u>\$ 2,142,191</u>	<u>\$ -</u>	<u>\$ 182,656</u>

General Revenues:

Taxes:

- Ad valorem
- Sales
- Franchise
- Occupancy taxes
- Mixed beverage taxes
- Investment earnings
- Gain on sale of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Position

Net Position - Beginning

Adjustments:

Change to or within the financial reporting entity

Net Position - Beginning, restated

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position				
Program Revenues	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
\$ -	\$ (2,243,676)	\$ -	\$ (2,243,676)	\$ -
-	443,968	-	443,968	-
-	(587,765)	-	(587,765)	-
-	(10,912,427)	-	(10,912,427)	-
502,014	(3,505,859)	-	(3,505,859)	-
-	(2,255,000)	-	(2,255,000)	-
-	(517,866)	-	(517,866)	-
<u>502,014</u>	<u>(19,578,625)</u>	<u>-</u>	<u>(19,578,625)</u>	<u>-</u>
4,673,929	-	8,084,330	8,084,330	-
-	-	149,402	149,402	-
-	-	95,859	95,859	-
85,467	-	391,187	391,187	-
-	-	1,542,608	1,542,608	-
<u>4,759,396</u>	<u>-</u>	<u>10,263,386</u>	<u>10,263,386</u>	<u>-</u>
\$ 5,261,410	\$ (19,578,625)	\$ 10,263,386	\$ (9,315,239)	\$ -
-				(1,959,535)
<u>\$ -</u>				<u>\$ (1,959,535)</u>
	10,662,120	-	10,662,120	-
	8,158,948	-	8,158,948	1,644,144
	1,341,513	-	1,341,513	-
	1,024,361	-	1,024,361	-
	48,652	-	48,652	-
	1,738,059	714,580	2,452,639	408,399
	36,355	-	36,355	-
	648,226	1,349,932	1,998,158	222,396
	<u>(6,447,368)</u>	<u>6,447,368</u>	<u>-</u>	<u>-</u>
	<u>17,210,866</u>	<u>8,511,880</u>	<u>25,722,746</u>	<u>2,274,939</u>
	(2,367,759)	18,775,266	16,407,507	315,404
	60,830,675	48,810,201	109,640,876	9,984,947
	<u>(998,139)</u>	<u>998,139</u>	<u>-</u>	<u>-</u>
	<u>59,832,536</u>	<u>49,808,340</u>	<u>109,640,876</u>	<u>9,984,947</u>
	<u>\$ 57,464,777</u>	<u>\$ 68,583,606</u>	<u>\$ 126,048,383</u>	<u>\$ 10,300,351</u>

CITY OF GAINESVILLE, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	General	Assigned Projects Fund	2022 CO Bonds
ASSETS			
Cash and cash equivalents	\$ 11,691,649	\$ 5,785,440	\$ 647,432
Receivables, net of allowance:			
Taxes	1,421,454	-	-
Other	1,844,410	-	-
Due from other funds	71,054	-	-
Inventory	2,554	-	-
Total assets	<u>15,031,121</u>	<u>5,785,440</u>	<u>647,432</u>
LIABILITIES			
Accounts payable	584,598	52,850	647,432
Accrued payroll & benefits	609,198	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Funds held for others	18,354	-	-
Total liabilities	<u>1,212,150</u>	<u>52,850</u>	<u>647,432</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	97,304	-	-
Deferred inflows - court fines	1,062,989	-	-
Total deferred inflows of resources	<u>1,160,293</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable for:			
Inventories	2,554	-	-
Cemetery	-	-	-
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Grants	-	-	-
Tourism and the arts	-	-	-
Other	-	-	-
Assigned for:			
Capital projects	-	-	-
Other	-	5,732,590	-
Unassigned	12,656,124	-	-
Total fund balances	<u>12,658,678</u>	<u>5,732,590</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,031,121</u>	<u>\$ 5,785,440</u>	<u>\$ 647,432</u>

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 15,105,357	\$ 33,229,878
58,474	1,479,928
87,759	1,932,169
-	71,054
-	2,554
<u>15,251,590</u>	<u>36,715,583</u>
38,832	1,323,712
-	609,198
1,495,596	1,495,596
71,054	71,054
-	18,354
<u>1,605,482</u>	<u>3,517,914</u>
58,474	155,778
-	1,062,989
<u>58,474</u>	<u>1,218,767</u>
-	2,554
1,969,098	1,969,098
2,125,710	2,125,710
4,855,306	4,855,306
141,710	141,710
843,793	843,793
857,841	857,841
2,684,045	2,684,045
181,185	5,913,775
(71,054)	12,585,070
<u>13,587,634</u>	<u>31,978,902</u>
\$ <u>15,251,590</u>	\$ <u>36,715,583</u>

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CITY OF GAVINESVILLE, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds	\$ 31,978,902
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities not reported in the funds.	47,873,281
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are therefore deferred in the funds:	
Property taxes	155,778
Court fines and fees	1,062,989
Accrued bond interest is not due and payable in the current period and therefore is not reported in the funds:	(91,682)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(16,555,201)
Bond premium	(1,155,270)
Arbitrage liability	(718,013)
Compensated absences	(1,006,041)
Included in the items related to long-term liabilities is the recognition of the City's net pension liabilities and the total OPEB liability, as well as the related deferred inflows and outflows of resources.	
Long-term liabilities:	
Net pension liability	(4,837,824)
Total OPEB liability	(524,845)
Deferred outflows of resources:	
Outflows related to loss on refunding	197,359
Outflows related to pensions	1,917,452
Outflows related to OPEB	45,218
Deferred inflows of resources:	
Inflows related OPEB	<u>(137,006)</u>
Net position of governmental activities	<u>\$ 57,464,777</u>

CITY OF GAINESVILLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General</u>	<u>Assigned Projects Fund</u>	<u>2022 CO Bonds</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 7,834,551	\$ -	\$ -
Sales taxes	8,158,948	-	-
Franchise tax	1,341,513	-	-
Occupancy tax	-	-	-
Mixed beverage tax	48,652	-	-
Charges for services	1,240,978	-	-
License & Permits	1,286,917	-	-
Fines and forfeitures	526,698	-	-
Impact fees	-	-	-
Investment income	703,823	220,984	59,374
Intergovernmental revenues	5,520	-	-
Other income	544,404	-	-
Total revenues	<u>21,692,004</u>	<u>220,984</u>	<u>59,374</u>
EXPENDITURES			
Current:			
General government	2,216,044	-	-
Community development	911,437	-	-
Finance	661,286	-	-
Public safety	12,621,803	-	-
Public works	4,406,284	-	-
Additional payments on pension liability	-	2,255,000	-
Capital outlay	490,297	228,177	4,612,263
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>21,307,151</u>	<u>2,483,177</u>	<u>4,612,263</u>
Excess (deficiency) of revenues over (under) expenditures	384,853	(2,262,193)	(4,552,889)
OTHER FINANCING SOURCES (USES)			
Proceeds on sale of fixed assets	36,355	-	-
Transfers in	3,406,595	1,971,992	2,078,662
Transfers out	<u>(1,995,761)</u>	<u>(1,171,147)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,447,189</u>	<u>800,845</u>	<u>2,078,662</u>
NET CHANGE IN FUND BALANCES	1,832,042	(1,461,348)	(2,474,227)
FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	<u>10,826,636</u>	<u>7,193,938</u>	<u>2,474,227</u>
ADJUSTMENTS			
Change to or within the financial reporting entity	-	-	-
Total adjustments	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING AS RESTATED	<u>10,826,636</u>	<u>7,193,938</u>	<u>2,474,227</u>
FUND BALANCES - ENDING	\$ <u>12,658,678</u>	\$ <u>5,732,590</u>	\$ <u>-</u>

* Formerly a major fund

2023 CO Bonds*	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 2,926,316	\$ 10,760,867
	-	8,158,948
	-	1,341,513
	1,024,361	1,024,361
	-	48,652
	16,523	1,257,501
	8,742	1,295,659
	50,222	576,920
	396,369	396,369
	853,731	1,837,912
	563,054	568,574
	103,822	648,226
	<u>5,943,140</u>	<u>27,915,502</u>
	715,922	2,931,966
	29,670	941,107
	99	661,385
	17,660	12,639,463
	118,450	4,524,734
	-	2,255,000
	2,024,459	7,355,196
	1,142,335	1,142,335
	618,326	618,326
	<u>4,666,921</u>	<u>33,069,512</u>
	1,276,219	(5,154,010)
	-	36,355
	1,394,831	8,852,080
	<u>(12,132,540)</u>	<u>(15,299,448)</u>
	<u>(10,737,709)</u>	<u>(6,411,013)</u>
	(9,461,490)	(11,565,023)
<u>8,537,700</u>	<u>15,509,563</u>	<u>44,542,064</u>
<u>(8,537,700)</u>	<u>7,539,561</u>	<u>(998,139)</u>
<u>(8,537,700)</u>	<u>7,539,561</u>	<u>(998,139)</u>
<u>-</u>	<u>23,049,124</u>	<u>43,543,925</u>
<u>\$ -</u>	<u>\$ 13,587,634</u>	<u>\$ 31,978,902</u>

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CITY OF GAINESVILLE, TEXAS

RECONCILIATION OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

Net change in fund balances - total governmental funds	\$ (11,565,023)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	7,781,998
Depreciation and adjustments	(2,236,469)

Revenues in the statement of activities that do not provide current financial resources are reported as revenues in the funds.

Unavailable tax revenue	(98,747)
Unavailable municipal court revenue	153,532

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond principal payments	1,142,332
-------------------------	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of premiums and deferred loss on refunding	70,473
Pension cost	2,337,045
OPEB cost	7,666
Compensated absences	109,300
Arbitrage	(99,853)
Accrued interest	<u>29,987</u>

Change in net position of governmental activities.	\$ <u>(2,367,759)</u>
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CITY OF GAINESVILLE, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-type Activities		
	Water and Sewer	Municipal Airport	Solid Waste
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,431,547	\$ 1,298,152	\$ 4,350,462
Receivables, net of allowance			
Service	2,368,909	97,179	1,295,025
Taxes	-	-	11,649
Other	500,747	-	-
Prepaid	1,000,549	-	-
Total current assets	<u>8,301,752</u>	<u>1,395,331</u>	<u>5,657,136</u>
Noncurrent assets:			
Restricted cash	7,072,523	-	680,429
Non-depreciable capital assets	19,993,058	239,694	-
Depreciable capital assets, net	33,597,561	4,383,166	8,598,496
Total noncurrent assets	<u>60,663,142</u>	<u>4,622,860</u>	<u>9,278,925</u>
Total assets	<u>68,964,894</u>	<u>6,018,191</u>	<u>14,936,061</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	31,122	2,468	26,861
Deferred outflows - pensions	242,657	15,303	162,014
Deferred outflows - OPEB	5,722	360	3,821
Total deferred outflows of resources	<u>279,501</u>	<u>18,131</u>	<u>192,696</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,905,981	4,677	616,311
Accrued expense	50,396	3,588	35,626
Interest payable	178,893	11	10,063
Customer deposits	270,495	10,047	20,786
Current portion of long-term liabilities:			
Compensated absences	22,153	1,352	12,936
Bonds payable	2,380,053	3,756	190,396
OPEB liability	2,775	175	1,853
Total current liabilities	<u>4,810,746</u>	<u>23,606</u>	<u>887,971</u>
Noncurrent liabilities:			
Compensated absences	88,610	5,409	51,743
Bonds payable	27,191,458	2,522	2,361,734
Postclosure care costs payable	-	-	849,804
Net pension liability	609,460	38,434	406,917
OPEB liability	66,420	4,189	44,346
Total noncurrent liabilities	<u>27,955,948</u>	<u>50,554</u>	<u>3,714,544</u>
Total liabilities	<u>32,766,694</u>	<u>74,160</u>	<u>4,602,515</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - Pension	93,689	5,908	62,553
Deferred inflows - OPEB	17,338	1,093	11,576
Total deferred inflows of resources	<u>111,027</u>	<u>7,001</u>	<u>74,129</u>
NET POSITION			
Net investment in capital assets	23,747,059	4,619,050	5,673,372
Restricted - impact fees	259,629	-	-
Unrestricted	12,359,986	1,336,111	4,778,741
Total net position	<u>\$ 36,366,674</u>	<u>\$ 5,955,161</u>	<u>\$ 10,452,113</u>

The accompanying notes are an integral part of these financial statements.

Business-type Activities

<u>Stormwater</u>	<u>Golf Course</u>	<u>Total</u>
\$ 981,059	\$ 103,842	\$ 11,165,062
298,971	-	4,060,084
-	-	11,649
-	-	500,747
-	-	1,000,549
<u>1,280,030</u>	<u>103,842</u>	<u>16,738,091</u>
-	-	7,752,952
7,371,934	30,056	27,634,742
<u>10,126,418</u>	<u>146,279</u>	<u>56,851,920</u>
<u>17,498,352</u>	<u>176,335</u>	<u>92,239,614</u>
<u>18,778,382</u>	<u>280,177</u>	<u>108,977,705</u>
32,441	2,720	95,612
4,615	27,205	451,794
109	641	10,653
<u>37,165</u>	<u>30,566</u>	<u>558,059</u>
53,872	29,979	2,610,820
72	7,459	97,141
10,468	6	199,441
-	-	301,328
-	1,462	37,903
423,395	2,039	2,999,639
53	311	5,167
<u>487,860</u>	<u>41,256</u>	<u>6,251,439</u>
-	5,848	151,610
2,678,480	-	32,234,194
-	-	849,804
11,591	68,328	1,134,730
1,263	7,447	123,665
<u>2,691,334</u>	<u>81,623</u>	<u>34,494,003</u>
<u>3,179,194</u>	<u>122,879</u>	<u>40,745,442</u>
1,782	10,503	174,435
330	1,944	32,281
<u>2,112</u>	<u>12,447</u>	<u>206,716</u>
14,428,918	177,016	48,645,415
-	-	259,629
<u>1,205,323</u>	<u>(1,599)</u>	<u>19,678,562</u>
<u>\$ 15,634,241</u>	<u>\$ 175,417</u>	<u>\$ 68,583,606</u>

CITY OF GAINESVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities		
	Water and Sewer	Municipal Airport	Solid Waste
OPERATING REVENUES			
Charges for services	\$ 11,027,003	\$ 1,807,710	\$ 7,023,186
Other income	415,284	10,328	892,358
Total operating revenues	11,442,287	1,818,038	7,915,544
OPERATING EXPENSES			
Salaries and benefits	1,919,767	91,587	1,321,871
Supplies, materials, repair and maintenance	1,036,405	1,260,927	881,544
Heat, light and power	593,857	24,333	16,959
Additional payment on pension liability	700,000	-	100,000
Other	478,373	43,682	2,624,649
Depreciation	2,183,367	273,096	477,675
Total operating expenses	6,911,769	1,693,625	5,422,698
Operating income (loss)	4,530,518	124,413	2,492,846
NON-OPERATING REVENUES (EXPENSES)			
Impact Fees	65,807	-	-
Investment income	439,032	44,990	183,005
Grant revenue	213,515	35,450	-
Gain on disposal of property	23,795	-	23,500
Interest and other charges	(942,143)	(133)	(81,380)
Total non-operating revenues (expenses)	(199,994)	80,307	125,125
Income (loss) before capital contributions & transfers	4,330,524	204,720	2,617,971
CAPITAL CONTRIBUTIONS & TRANSFERS			
Capital contributions	4,608,122	-	-
Transfers in	9,233,613	3,749	-
Transfers out	(1,478,737)	(89,092)	(1,093,857)
Total capital contributions & transfers	12,362,998	(85,343)	(1,093,857)
CHANGE IN NET POSITION	16,693,522	119,377	1,524,114
NET POSITION - BEGINNING	18,675,013	5,835,784	8,927,999
ADJUSTMENTS			
Change to or within the financial reporting entity	998,139	-	-
Total adjustments	998,139	-	-
FUND BALANCES - BEGINNING AS RESTATED	19,673,152	5,835,784	8,927,999
NET POSITION - ENDING	\$ 36,366,674	\$ 5,955,161	\$ 10,452,113

The accompanying notes are an integral part of these financial statements.

Business-type Activities

<u>Stormwater</u>	<u>Golf Course</u>	<u>Total</u>
\$ 977,732	\$ 534,319	\$ 21,369,950
<u>-</u>	<u>31,962</u>	<u>1,349,932</u>
<u>977,732</u>	<u>566,281</u>	<u>22,719,882</u>
38,239	255,434	3,626,898
19,564	90,300	3,288,740
-	11,547	646,696
45,000	-	845,000
28,351	72,755	3,247,810
<u>457,449</u>	<u>10,834</u>	<u>3,402,421</u>
<u>588,603</u>	<u>440,870</u>	<u>15,057,565</u>
<u>389,129</u>	<u>125,411</u>	<u>7,662,317</u>
-	-	65,807
47,045	508	714,580
-	-	248,965
-	2,750	50,045
<u>(83,409)</u>	<u>(340)</u>	<u>(1,107,405)</u>
<u>(36,364)</u>	<u>2,918</u>	<u>(28,008)</u>
<u>352,765</u>	<u>128,329</u>	<u>7,634,309</u>
85,467	-	4,693,589
387,619	2,036	9,627,017
<u>(517,963)</u>	<u>-</u>	<u>(3,179,649)</u>
<u>(44,877)</u>	<u>2,036</u>	<u>11,140,957</u>
<u>307,888</u>	<u>130,365</u>	<u>18,775,266</u>
<u>15,326,353</u>	<u>45,052</u>	<u>48,810,201</u>
-	-	998,139
-	-	998,139
<u>15,326,353</u>	<u>45,052</u>	<u>49,808,340</u>
<u>\$ 15,634,241</u>	<u>\$ 175,417</u>	<u>\$ 68,583,606</u>

CITY OF GAINESVILLE, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities		
	Water and Sewer	Municipal Airport	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 11,648,711	\$ 1,783,426	\$ 7,697,524
Cash payment to suppliers	(369,403)	(1,373,327)	(3,322,222)
Cash payments to employees	<u>(2,935,657)</u>	<u>(140,212)</u>	<u>(1,593,333)</u>
Net cash provided (used) by operating activities	<u>8,343,651</u>	<u>269,887</u>	<u>2,781,969</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	213,515	35,450	-
Cash received from other funds	9,233,613	3,749	-
Cash paid to other funds	<u>(1,478,737)</u>	<u>(89,092)</u>	<u>(1,093,857)</u>
Net cash provided (used) by noncapital financing activities	<u>7,968,391</u>	<u>(49,893)</u>	<u>(1,093,857)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(8,887,098)	(39,391)	(686,648)
Disposal of capital assets	23,795	-	89,223
Principal paid on long-term debt	(2,269,610)	(3,592)	(184,419)
Capital contributions (cash)	65,807	-	-
Interest and fiscal charges	<u>(1,061,648)</u>	<u>(155)</u>	<u>(81,668)</u>
Net cash provided (used) by capital and related financing activities	<u>(12,128,754)</u>	<u>(43,138)</u>	<u>(863,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>439,032</u>	<u>44,990</u>	<u>183,005</u>
Net cash provided by (used in) investing activities	<u>439,032</u>	<u>44,990</u>	<u>183,005</u>
Net (decrease) increase in cash and cash equivalents	4,622,320	221,846	1,007,605
Cash and cash equivalents at beginning of year	<u>6,881,750</u>	<u>1,076,306</u>	<u>4,023,286</u>
Cash and cash equivalents at end of year	<u>11,504,070</u>	<u>1,298,152</u>	<u>5,030,891</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	4,530,518	124,413	2,492,846
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,183,367	273,096	477,675
Decrease (increase) in accounts receivable	181,499	(34,612)	(227,809)
Decrease (increase) in deferred outflows NPL/OPEB	117,245	19,406	58,817
Increase (decrease) in accounts payable	1,739,232	(53,332)	181,360
Increase (decrease) in accrued expense	3,428	-	22,801
Increase (decrease) in NPL/OPEB	(518,807)	(72,058)	(282,647)
Increase (decrease) in deferred inflows NPL/OPEB	49,119	1,063	36,090
Increase (decrease) in compensated absences	33,125	1,864	13,047
Increase (decrease) in customer deposits	<u>24,925</u>	<u>10,047</u>	<u>9,789</u>
Net cash provided by operating activities	<u>\$ 8,343,651</u>	<u>\$ 269,887</u>	<u>\$ 2,781,969</u>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributions of capital assets	4,608,122	-	-

The accompanying notes are an integral part of these financial statements.

Business-type Activities

Stormwater	Golf Course	Total
\$ 868,231	\$ 566,281	\$ 22,564,173
2,784	(171,221)	(5,233,389)
<u>(107,340)</u>	<u>(280,806)</u>	<u>(5,057,348)</u>
<u>763,675</u>	<u>114,254</u>	<u>12,273,436</u>
-	-	248,965
387,619	2,036	9,627,017
<u>(517,963)</u>	<u>-</u>	<u>(3,179,649)</u>
<u>(130,344)</u>	<u>2,036</u>	<u>6,696,333</u>
(551,386)	(20,358)	(10,184,881)
-	2,750	115,768
(410,439)	(1,951)	(2,870,011)
-	-	65,807
<u>(87,280)</u>	<u>(84)</u>	<u>(1,230,835)</u>
<u>(1,049,105)</u>	<u>(19,643)</u>	<u>(14,104,152)</u>
<u>47,045</u>	<u>508</u>	<u>714,580</u>
<u>47,045</u>	<u>508</u>	<u>714,580</u>
(368,729)	97,155	5,580,197
<u>1,349,788</u>	<u>6,687</u>	<u>13,337,817</u>
<u>981,059</u>	<u>103,842</u>	<u>18,918,014</u>
389,129	125,411	7,662,317
457,449	10,834	3,402,421
(109,501)	-	(190,423)
8,817	8,960	213,245
50,699	3,381	1,921,340
(11)	1,410	27,628
(31,443)	(44,457)	(949,412)
(181)	6,216	92,307
(1,283)	2,499	49,252
<u>-</u>	<u>-</u>	<u>44,761</u>
<u>\$ 763,675</u>	<u>\$ 114,254</u>	<u>\$ 12,273,436</u>
85,467	-	4,693,589

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**NOTES TO THE
FINANCIAL STATEMENTS**

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CITY OF GAINESVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gainesville, Texas (the City) is a political subdivision and municipal corporation of the State of Texas (State), organized and existing under the laws of the State, including the City's Home Rule Charter. The City operates under a City Council/Manager form of government. The City Council is comprised of the Mayor and six City Council Members who have been elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the Chief Administrative Officer.

The services provided by the City are diverse. The City's services include, but are not limited to, the traditional local government responsibilities of public safety, streets and transportation, water and wastewater, solid waste collection and disposal, storm water utility services, environmental health, parks and recreation leisure services, and a general aviation airport. The respective fund financial statements and budgets (where legally adopted) of these multi-faceted services are all included in the City's financial "reporting entity" and more fully described in the immediately subsequent section of this note and the City's government-wide financial statements.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for the local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, in the publication entitled, "Audits of State and Local Governmental Units", and by the Financial Accounting Standards Board (FASB) when applicable.

A. Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government:	City of Gainesville
Discrete Component Unit:	Gainesville Economic Development Corporation (GEDC)

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as discretely presented component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The City holds the corporate powers of the organization.
- The City appoints a voting majority of the organization's board.
- The City is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the City.
- There is fiscal dependency by the organization on the City.

These factors make the organization meet the criteria for being presented as a discretely presented component unit.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

The component unit that is discretely presented into the reporting activity type of the City's report is presented below:

Gainesville Economic Development Corporation, Inc. - The purpose of the Gainesville Economic Development Corporation, Inc. (GEDC) is to promote economic development within the City by encouraging, developing, and providing financing for manufacturing, industrial, and retail or commercial operations. The primary source of revenue is a sale and use tax specified in the Texas Development Corporation Act of 1979, which is remitted to the City by the State of Texas, and which is then allocated to the GEDC fund. The City provides administrative support to the GEDC for which it is reimbursed by the GEDC. The GEDC Board of Directors consists of seven members, appointed by the City Council, at least five of which may not be City officers, employees, or council members. A separate audit report is issued for the GEDC, a copy of which may be obtained by writing to 200 S. Rusk, Gainesville, TX, 76240.

B. Government-wide and Fund Financial Statements

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

Governmental activities are normally supported by property taxes, sales taxes, franchise fees, and grant revenues from the federal government and the State of Texas. Governmental activities are reported separately from business-type activities, which rely to a large extent on fees and charges for support. Significant revenues generated from business-type activities include charges to customers for water and wastewater services, golf course fees, airport-user charges, wastewater tap fees and reconnection fees.

The statement of activities reports changes in the City's net position from October 1, 2024 to September 30, 2025. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Specifically, the City has identified the following functions of government: support services, public safety services, recreation and leisure services, development services, water and wastewater services, solid waste operations, stormwater services, municipal airport operations, and golf course operations. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included with program revenues are reported instead as general revenues in the statement of activities.

In addition to the government-wide financial statements, the City also reports separate financial statements for major governmental funds and proprietary funds; these statements are classified as fund financial statements. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses). Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

Funds are ordered into two distinct categories: governmental and proprietary. Information in the fund financial statements is reported on a major fund basis. The City conducts the calculation of major funds each year under the methods outlined in GASB Statement No. 34. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in aggregate and separately reported in the combining fund financial statements. The various funds are summarized by type in the fund financial statements.

The City reports the following major governmental funds:

General Fund - is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund.

Assigned Project Fund - is used to account for revenues designated by the City Council for special projects and capital purchases. Expenditures are limited to projects for the City as determined by the City Manager.

2022 CO Bond Fund - is used to account for the proceeds of the 2022 Certificates of Obligation. Expenditures are limited to projects set forth in the planning documents for this debt issuance.

The City reports the following nonmajor fund types:

Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - account for financial resources to be used for the acquisition and construction of major capital facilities.

The City reports the following major proprietary funds:

Water and Sewer Utility Fund - This fund accounts for water and wastewater system services provided for residents of the City, including administration, operations, maintenance, debt service, billing, and collection.

Municipal Airport Utility Fund - This fund accounts for revenues and costs related to the operations of the City's municipal airport. Major sources of revenue for the airport are fuel sales and hangar rental.

Stormwater Utility Fund - This fund accounts for the costs related to management of the City's stormwater drainage system. Revenues are generated through fees charged to City residents on their monthly utility billing.

Solid Waste Utility Fund - This fund accounts for the operations of the City's refuse collection and disposal services. Revenues are generated through user charges. The City accrues landfill closure and post-closure care costs.

Golf Course Fund - is used to account for the management of the City's golf course.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund 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 when they have been earned and 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 City 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

D. Deposits and Investments

Cash in all funds, including restricted cash, is pooled into common pooled accounts to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month-end. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and local policies authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, the Texas Short-Term Asset Reserve Program (TexSTAR) and Texpool.

Investments for the City, as well as for its component units, are reported at fair value. TexSTAR and Texpool operate in accordance with appropriate state laws and regulations. The reported value of TexSTAR and Texpool is the same as the fair value of the pool shares.

E. Receivables

Accounts Receivable - Utility customers are billed monthly on a regular cycle as meters are read, or services are performed, with revenue recorded when customers are billed. The estimated unbilled revenue at September 30, 2025, was derived by taking the cycle billings that the City billed customers in October and prorating the number of days applicable to the current year and recording the prorated amount as current year revenue. The total prorated amount is also recorded as accounts receivable at year-end.

Property Taxes - Property taxes attach an enforceable lien on property as of the prior January 1. Taxes are levied on October 1 and become delinquent after January 31. Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year, and therefore, susceptible to accrual in accordance with GAAP have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any) at the levy date.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent 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 has three items that qualify for reporting in this category. Items reported are the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between 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. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent 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 City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

H. Capital Assets

Capital assets (i.e., land, buildings, equipment, improvements other than buildings, and construction in progress) of all funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. An item is classified as an asset if the initial, individual cost is \$15,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method. The estimated useful lives of all depreciable assets are as follows:

<u>Asset Type</u>	<u>Number of Years</u>
Buildings, systems, and improvements	15-30
Machinery, vehicles and other equipment	3-15
Furniture and fixtures	3-10
Infrastructure	25-100

I. Compensated Absences

It is the City’s policy to permit employees to accumulate earned unused vacation and sick pay benefits. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Regular full-time employees earn vacation time at the following rates:

1-4 year	10 days per year
5-14 years	15 days per year
15 and over	20 days per year

Fire Department employees earn vacation time at the following rates:

1 - 9 years	Equivalent to 7 shifts
10 - 19 years	Equivalent to 10 shifts
20 and over	Equivalent to 15 shifts

J. Pension and OPEB

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. 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 effective interest method. Bonds payables are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Position and Fund Balance

In the government-wide and proprietary fund financial statements, the City reports restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any unspent proceeds from capital-related debt issuances. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance categorized as follows:

Nonspendable fund balance includes amounts that are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined and approved by passage of a formal resolution of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. In accordance with the City Charter, an amount equal to twenty percent of total general fund expenditures has been identified as committed for a contingency reserve.

Assigned fund balance includes amounts intended to be used by the City for specific purposes. Pursuant to Ordinance 2011-50, the City Council designated the City Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. The City's financial goal is to achieve and maintain an unassigned fund balance in the General Fund equal to twenty-five percent of budgeted expenditures but may be reduced down to ten percent in unusual financial circumstances with a corrective five-year plan to restore the fund balance back to twenty-five percent.

Unassigned fund balance is the residual classification of the General Fund and includes all amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount.

Net Position Flow Assumption

Sometimes the City 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 City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the City 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 City’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.

M. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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 program revenues.

Property Taxes

On January 1 of each year, a tax lien is attached to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property taxes are then levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which levied. The majority of the taxes are collected between October 1 and January 31. Delinquent property taxes receivable are not considered available if they are not collected within 60 days after the close of the City’s fiscal year.

Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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. Significant estimates included in the financial statements are depreciation expense, which is based on the estimated useful lives of the underlying depreciable assets, the allowance for doubtful accounts receivable, compensated absences, and the net pension liability and total OPEB liability and the related expenses, which are based on various actuarial assumptions.

O. Change in Accounting Principle

During fiscal year 2025, the City adopted the following new accounting guidance:

GASB Statement No. 101, Compensated Absences – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City's fiscal year begins October 1 and ends on September 30 of the following calendar year. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for all City departments, divisions, and offices for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan of the ensuing fiscal year, includes proposed expenditures or expenses and the means of financing them. Public hearings are conducted at which all interested people are encouraged to comment concerning the proposed budget.

The budget for the subsequent fiscal year, as well as the current revised budget, is legally enacted by the City Council through passage of an ordinance prior to October 1 each year.

Annual budgets are legally adopted for all City departments, divisions, and offices on a basis consistent with GAAP, except that depreciation is not budgeted in the Enterprise Funds. Formal budgetary accounting is employed as a management control technique to assist controlling revenues and expenditures (or expenses) in the General Fund, certain Special Revenue Funds, the Debt Service Fund, and the Enterprise Funds. Project-length budgets are adopted for the Capital Project Funds. Appropriations for certain non-budgeted special revenue funds and capital projects funds are controlled on a project basis and are carried forward each year until the project is completed or the grant receipts are expended. The following governmental funds have legally adopted budgets: General Fund, Municipal Court Security, Municipal Court Technology, Hotel/Motel, Law Enforcement Officer Education, City Athletic Fields, State Seizure, Municipal Court Juvenile Case Manager, Cable Peg Fee, Debt Service, Cemetery Permanent, Assigned Projects, and Cohen Scholarship.

Expenditures may not legally exceed appropriations at the division or program level for legally adopted annual operating budgets of the General, Water and Sewer, and the Solid Waste funds. However, the level of budgetary control is maintained at the fund or project level for all other remaining fund types, since the related activities are comprised of a single division, program, or project. The City Manager may, without Council approval, transfer unencumbered appropriation balances between expenditure accounts within funds, departments, or programs of the City. The City Council, however, must approve any appropriations between individual funds or appropriations that result in a net increase in total appropriations.

The original budget and amended budget for major governmental funds are presented as required supplementary information. The Council made several supplemental budgetary appropriations throughout the year. There were no material budget amendments made.

Excess of Expenditures over Appropriations

General Fund:	
Community Development - Planning and Zoning	\$ 9,607
Public Safety - Fire	321,232
Public Works - Administration	151
Public Works - Central Garage	521
Nonmajor Governmental Funds:	
Law Enforcement Officer Education	2,825
Cable PEG Fee	1,026

III. DEPOSITS AND INVESTMENTS

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal bonds, managed public fund investment pools, and certificates of deposit.

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as TexPool, and Texas Short-term Reserve Fund ("TexStar") such as through which political subdivisions and other entities may invest public funds.

TexPool and TexStar have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The City's cash and investments are classified as: cash and cash equivalents and restricted cash. The cash and cash equivalents include cash on hand and deposits with financial institutions. The restricted cash and investments are assets restricted for specific use.

The City's investments for the year ended September 30, 2025, were as follows:

<u>Cash</u>				
Cash on Hand				\$ 6,600
Cash Equivalents - TexStar & TexPool				43,431,972
Cash in Banks				<u>17,348,865</u>
Total Cash and Cash Equivalents				<u>\$ 60,787,437</u>
	Governmental	Business	Component	
	Activities	Activities	Unit	Total
Cash and Cash Equivalents	\$ 33,229,878	\$11,165,062	\$ 8,639,545	\$ 53,034,485
Restricted Cash and Cash Equivalents	<u>-</u>	<u>7,752,952</u>	<u>-</u>	<u>7,752,952</u>
Totals	<u>\$ 33,229,878</u>	<u>\$18,918,014</u>	<u>\$ 8,639,545</u>	<u>\$ 60,787,437</u>

As of September 30, 2025, all of the City's deposits were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Credit risk – In conformance with the City's investment policy, the City has limited credit risk by investing in only the safest type of securities as allowed by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest rate risk – The City, in compliance with its investment policy, invests in short-term securities to protect market valuation from unanticipated rate movements. In addition, the City will not directly invest in securities maturing more than five years from the date of purchase.

Concentration of credit risk – The City uses two local government investment pools and brokered certificates of deposit to diversify risk.

Custodial credit risk – The City requires all bank deposits to be collateralized at a level not less than 102% of the total deposits. At September 30, 2025, the carrying value of the City’s bank deposits was entirely covered by federal depository insurance or by collateral held by the agent in the City’s name.

At September 30, 2025, the carrying value of GEDC’s (a discretely presented component unit) bank deposits was entirely covered by federal depository insurances or by collateral held by the agency in GEDC’s name.

IV. RECEIVABLES

The City’s receivables as of September 30, 2025 consisted of the following:

	Governmental Activities		
	General	Nonmajor	Total
	Fund	Funds	
Property Taxes	\$ 287,318	\$ 108,602	\$ 395,920
Sales Taxes	1,520,106	-	1,520,106
Other Local Fees	7,562	84,411	91,973
Franchise Fees	275,672	-	275,672
Court Warrants	2,331,168	-	2,331,168
Other	372,615	3,348	375,963
	<u>\$ 4,794,441</u>	<u>\$ 196,361</u>	<u>\$ 4,990,802</u>
Allowance for Uncollectible	<u>(1,528,577)</u>	<u>(50,128)</u>	<u>(1,578,705)</u>
Net receivables	<u>\$ 3,265,864</u>	<u>\$ 146,233</u>	<u>\$ 3,412,097</u>

	Proprietary Fund				Total
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	
Service Receivables	\$ 2,376,542	\$ 97,179	\$ 1,300,303	\$ 300,010	\$ 4,074,034
Taxes	-	-	11,649	-	11,649
Intergovernmental	479,264	-	-	-	479,264
Other	21,483	-	-	-	21,483
	<u>\$ 2,877,289</u>	<u>\$ 97,179</u>	<u>\$ 1,311,952</u>	<u>\$ 300,010</u>	<u>\$ 4,586,430</u>
Allowance for Uncollectible	<u>\$ (7,633)</u>	<u>\$ -</u>	<u>\$ (5,278)</u>	<u>\$ (1,039)</u>	<u>\$ (13,950)</u>
Net receivables	<u>\$ 2,869,656</u>	<u>\$ 97,179</u>	<u>\$ 1,306,674</u>	<u>\$ 298,971</u>	<u>\$ 4,572,480</u>

V. COMMITMENTS

GEDC Commitments

GEDC entered into an incentive agreement with various companies in Gainesville to promote economic development. Under these agreements, the GEDC has agreed to pay annual amounts to individual companies if the companies meet certain requirements by a specified date. The Commitments as of the year ended September 30, 2025 are as follows:

<u>Purpose</u>	<u>Commitment</u>	<u>Expended to Date</u>	<u>Balance of Commitment</u>
Project Commitments			
BIG Program	\$ 215,000	\$ 45,263	\$ 169,737
Downtown Destination Creation	350,000	-	350,000
CCR SE Grant 82, LLC	750,000	500,000	250,000
JC Millworks	800,000	560,000	240,000
City Parks Improvements	85,000	65,101	19,899
Mesa Real Estate Partners, LP	167,500	48,057	119,443
Total	<u>2,367,500</u>	<u>1,218,421</u>	<u>1,149,079</u>
Annual Commitments			
NCTC Scholarship	\$ 6,000	\$ -	\$ 6,000
Business Education for Teachers	2,000	-	2,000
NTMC Nursing Recruitment	36,000	-	36,000
Total	<u>44,000</u>	<u>-</u>	<u>44,000</u>
Total Commitments	<u>\$ 2,411,500</u>	<u>\$ 1,218,421</u>	<u>\$ 1,193,079</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,937,493	\$ 60,629	\$ -	\$ 5,998,122
Construction in progress	6,421,351	6,504,238	(552,205)	12,373,384
Total capital assets not being depreciated	<u>12,358,844</u>	<u>6,564,867</u>	<u>(552,205)</u>	<u>18,371,506</u>
Capital assets being depreciated:				
Buildings	12,464,389	35,800	189,831	12,690,020
Improvements	102,979,381	363,600	336,829	103,679,810
Motorized Vehicles	8,371,794	532,567	(161,319)	8,743,042
Machinery & Equipment	4,289,302	226,838	-	4,516,140
Office Equip, Furniture & Fixture	902,430	58,326	-	960,756
Total assets being depreciated	<u>129,007,296</u>	<u>1,217,131</u>	<u>365,341</u>	<u>130,589,768</u>
Less accumulated depreciation for:				
Buildings	(9,052,414)	(200,390)	25,545	(9,227,259)
Improvements	(82,261,497)	(1,120,992)	-	(83,382,489)
Motorized Vehicles	(4,683,646)	(561,831)	161,319	(5,084,158)
Machinery & Equipment	(2,238,451)	(230,333)	-	(2,468,784)
Office Equip, Furniture & Fixture	(802,380)	(122,923)	-	(925,303)
Total accumulated depreciation	<u>(99,038,388)</u>	<u>(2,236,469)</u>	<u>186,864</u>	<u>(101,087,993)</u>
Total capital assets being depreciated, net	<u>29,968,908</u>	<u>(1,019,338)</u>	<u>552,205</u>	<u>29,501,775</u>
Governmental activities capital assets, net	<u>\$ 42,327,752</u>	<u>\$ 5,545,529</u>	<u>\$ -</u>	<u>\$ 47,873,281</u>

Depreciation was charged to the governmental funds as follows:

Governmental activities:

General Government	\$ 107,557
Public Safety	890,668
Public Works	<u>1,238,244</u>
Total depreciation expense - governmental funds	<u>\$ 2,236,469</u>

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 8,089,478	\$ 154,779	\$ -	\$ 8,244,257
GTUA Land	31,053	-	-	31,053
GTUA Water Storage Rights	4,324,618	-	-	4,324,618
Construction in progress	<u>5,005,060</u>	<u>11,745,260</u>	<u>(1,715,506)</u>	<u>15,034,814</u>
Total capital assets, not being depreciated	<u>17,450,209</u>	<u>11,900,039</u>	<u>(1,715,506)</u>	<u>27,634,742</u>
Capital assets being depreciated:				
Buildings	24,121,624	23,466	-	24,145,090
Improvements	34,479,054	357,589	-	34,836,643
GTUA Projects in Service	9,329,157	55,563	-	9,384,720
Motorized Vehicles	8,126,089	119,865	(326,584)	7,919,370
Machinery & Equipment	5,972,622	1,552,833	-	7,525,455
Office Equip, Furniture & Fixture	363,685	65,365	-	429,050
Plant in Svc Water	15,725,730	264,776	(60,788)	15,929,718
Plant in Svc Sewer	<u>6,435,273</u>	<u>389,935</u>	<u>1,612,154</u>	<u>8,437,362</u>
Total assets being depreciated	<u>104,553,234</u>	<u>2,829,392</u>	<u>1,224,782</u>	<u>108,607,408</u>
Less accumulated depreciation for:				
Buildings	(4,493,335)	(549,805)	7,027	(5,036,113)
Improvements	(13,100,185)	(867,531)	(133,298)	(14,101,014)
GTUA Projects in Service	(5,852,902)	(496,414)	-	(6,349,316)
Motorized Vehicles	(4,562,887)	(414,866)	385,456	(4,592,297)
Machinery & Equipment	(3,713,375)	(370,446)	115,289	(3,968,532)
Office Equip, Furniture & Fixture	(286,679)	(29,246)	8,692	(307,233)
Plant in Svc Water	(11,846,649)	(596,929)	218,482	(12,225,096)
Plant in Svc Sewer	<u>(5,127,757)</u>	<u>(77,184)</u>	<u>29,054</u>	<u>(5,175,887)</u>
Total accumulated depreciation	<u>(48,983,769)</u>	<u>(3,402,421)</u>	<u>630,702</u>	<u>(51,755,488)</u>
Total capital assets being depreciated, net	<u>55,569,465</u>	<u>(573,029)</u>	<u>1,855,484</u>	<u>56,851,920</u>
Business-type activities capital assets, net	<u>\$ 73,019,674</u>	<u>\$ 11,327,010</u>	<u>\$ 139,978</u>	<u>\$ 84,486,662</u>

Depreciation was charged to the business-type activities as follows:

Business-type activities:

Water and Sewer	\$ 2,183,367
Solid Waste	477,675
Stormwater	457,449
Airport	273,096
Golf Course	<u>10,834</u>
Total depreciation expense - business-type activities	<u>\$ 3,402,421</u>

A summary of changes in component-unit capital assets for the year end was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Component unit				
Capital assets, not being depreciated:				
Land	\$ 293,445	\$ -	\$ (45,351)	\$ 248,094
Total capital assets, not being depreciated	<u>293,445</u>	<u>-</u>	<u>(45,351)</u>	<u>248,094</u>
Capital assets being depreciated:				
Buildings	2,190,405	-	(215,288)	1,975,117
Improvements	84,700	749,208	-	833,908
Office, Machine & Equipment	47,533	-	-	47,533
Total assets being depreciated	<u>2,322,638</u>	<u>749,208</u>	<u>(215,288)</u>	<u>2,856,558</u>
Less accumulated depreciation for:				
Buildings	(1,392,261)	(66,435)	7,774	(1,450,922)
Improvements	(25,203)	(4,235)	-	(29,438)
Office, Machine & Equipment	(20,708)	(9,198)	-	(29,906)
Total accumulated depreciation	<u>(1,438,172)</u>	<u>(79,868)</u>	<u>7,774</u>	<u>(1,510,266)</u>
Total capital assets being depreciated, net	<u>884,466</u>	<u>669,340</u>	<u>(207,514)</u>	<u>1,346,292</u>
Component unit capital assets, net	<u>\$ 1,177,911</u>	<u>\$ 669,340</u>	<u>\$ (252,865)</u>	<u>\$ 1,594,386</u>

Depreciation was charged to the component-unit activities as follows:

Component unit:

Economic Development	\$ 79,868
Total depreciation expense - component-unit activities	<u>\$ 79,868</u>

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The majority of interfund transfers are due to the following:

- The General Fund transferred \$1,921,992 to the Assigned Project Fund to pay additional contribution payments into the City's TMRS pension plan.
- The Non-Major Funds (2023 CO Bond) transferred \$8,600,000 to Water and Sewer Funds for the portion of new bonds related to utility projects.
- The Water and Sewer Fund, Solid Waste Fund, and Stormwater Fund transferred \$2,801,262 to the General Fund in order to reimburse the General Fund for administrative costs and pay franchise fees that are required for all utilities utilizing the City rights-of-way.
- The 2022 bonds fund transferred \$1,939,282 to the Non-Major Governmental Funds (Capital Projects Fund) for the portion of new bonds related to governmental projects.
- A Non-major Governmental Fund (Debt Service) transferred \$572,165 to various Enterprise Funds for their portion of bond payments made.

Interfund receivables for the year in the General Fund totaled \$71,054 due from non-major governmental funds. The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers made during the fiscal year were as follows:

	Transfers In		Transfers Out				
	General Fund	Nonmajor Governmental	Water & Sewer	Storm Water	Solid Waste	Airport	Total
General Fund	\$ -	\$ 605,333	\$ 1,478,737	\$ 228,668	\$ 1,093,857	\$ -	\$ 3,406,595
Assigned Projects	1,921,992	50,000	-	-	-	-	1,971,992
2022 Bonds	-	1,939,282	-	139,380	-	-	2,078,662
Nonmajor Governmental	73,769	1,171,147	-	149,915	-	-	1,394,831
Water & Sewer	-	9,144,521	-	-	-	89,092	9,233,613
Airport	-	3,749	-	-	-	-	3,749
Stormwater	-	387,619	-	-	-	-	387,619
Gof Course	-	2,036	-	-	-	-	2,036
Total	<u>\$ 1,995,761</u>	<u>\$ 13,303,687</u>	<u>\$ 1,478,737</u>	<u>\$ 517,963</u>	<u>\$ 1,093,857</u>	<u>\$ 89,092</u>	<u>\$ 18,479,097</u>

VIII. LONG-TERM LIABILITIES

Changes in the City's long-term liabilities for the year ended September 30, 2025 are as follows:

	Beginning Balance	Issued/Increases	Refunded/Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,334,144	\$ -	\$ (620,394)	\$ 3,713,750	\$ 641,613
Certificates of obligation	13,363,390	-	(521,939)	12,841,451	671,189
Bond premium on issuance	1,237,427	-	(82,157)	1,155,270	-
Arbitrage	618,160	99,853	-	718,013	-
Compensated absences	1,115,257	-	(109,216)	1,006,041	201,208
Total governmental activities	<u>20,668,378</u>	<u>99,853</u>	<u>(1,333,706)</u>	<u>19,434,525</u>	<u>1,514,010</u>
Business-type activities:					
General obligation bonds	5,705,651	-	(724,609)	4,981,042	748,388
Certificates of obligation	22,986,610	-	(1,343,061)	21,643,549	1,438,811
Contract Revenue Bonds	7,955,560	-	(790,960)	7,164,600	812,440
Bonds premium on issuance	1,560,959	-	(116,317)	1,444,642	-
Post closure care costs - Landfill	830,234	19,570	-	849,804	-
Compensated absences	132,406	57,107	-	189,513	37,903
Total business-type activities	<u>39,171,420</u>	<u>76,677</u>	<u>(2,974,947)</u>	<u>36,273,150</u>	<u>3,037,542</u>
Total primary government	<u>59,839,798</u>	<u>176,530</u>	<u>(4,308,653)</u>	<u>55,707,675</u>	<u>4,551,552</u>
Component unit:					
Compensated absences	5,416	538	-	5,954	1,191
Total component unit	<u>\$ 5,416</u>	<u>\$ 538</u>	<u>\$ -</u>	<u>\$ 5,954</u>	<u>\$ 1,191</u>

Compensated absences of the governmental activities and business-type activities are paid for by the General Fund and Water and Sewer, Municipal Airport, Solid Waste, Stormwater and Golf Course Funds, respectively. Direct financing arrangements are secured by an underlying asset. In the event of a default, the lender may demand immediate payment or take possession of the asset.

Long-term debt at the end of the year comprised of the following:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
<u>Governmental Activities</u>				
Certificates of Obligation				
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2012	\$ 2,219,000	2.00%-3.50%	2032	\$ 375,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2018	3,989,860	3.00%-3.40%	2038	2,931,656
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2022	7,180,000	2.00%-5.00%	2042	6,495,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2024	3,057,867	4.00%-5.00%	2044	<u>3,039,795</u>
Total certificates of obligation				<u>\$ 12,841,451</u>
General Obligation Bonds:				
General Obligation Bond				
General Obligation Refunding				
Bonds, Series 2014	\$ 1,103,700	3.50-4.00%	2034	\$ 1,010,100
General Obligation Refunding				
Bonds, Series 2016	1,831,945	2.25%-4.00%	2036	1,578,185
General Obligation Refunding				
Bonds, Series 2017	579,499	4.00%	2028	439,215
General Obligation Refunding				
Bonds, Series 2020	819,000	1.01%	2030	<u>686,250</u>
Total General Refunding Bonds				<u>3,713,750</u>
Total bonded debt - governmental activities				<u>\$ 16,555,201</u>

<u>Enterprise Activities</u>	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
Certificates of Obligation				
Combination Tax and Limited Surplus Certificates of Obligation, Series 2012	\$ 400,500	2.00%-3.50%	2032	\$ 187,500
Combination Tax and Limited Surplus Certificates of Obligation, Series 2012	1,468,500	2.00%-3.50%	2032	687,500
Combination Tax and Limited Surplus Certificates of Obligation, Series 2013	5,730,000	4.00%-2.75%	2033	2,765,000
Combination Tax and Limited Surplus Certificates of Obligation, Series 2015	9,215,000	4.00%-2.75%	2035	5,595,000
Combination Tax and Limited Surplus Certificates of Obligation, Series 2018	3,400,140	3.00%-3.40%	2038	2,498,343
Combination Tax and Limited Surplus Certificates of Obligation, Series 2023	9,160,000	4.25%-5.00%	2043	8,745,000
Combination Tax and Limited Surplus Certificates of Obligation, Series 2024	1,172,133	4.00%-5.00%	2044	<u>1,165,206</u>
Total certificates of obligation				<u>\$ 21,643,549</u>
General Obligation Bonds:				
General Obligation Refunding Bonds, Series 2014	\$ 1,467,000	3.50-4.00%	3034	\$ 932,400
General Obligation Refunding Bonds, Series 2014	1,018,750	3.50-4.00%	3034	\$ 647,500
General Obligation Refunding Bonds, Series 2016	433,257	2.25%-4.00%	2036	\$ 916,141
General Obligation Refunding Bonds, Series 2016	72,009	2.25%-4.00%	2036	\$ 3,757
General Obligation Refunding Bonds, Series 2016	347,750	2.25%-4.00%	2036	\$ 983,212
General Obligation Refunding Bonds, Series 2016	607,079	2.25%-4.00%	2036	\$ 31,662
General Obligation Refunding Bonds, Series 2016	39,102	2.25%-4.00%	2036	\$ 2,039
General Obligation Refunding Bonds, Series 2017	1,191,663	3.00%-3.4%	3028	\$ 355,923
General Obligation Refunding Bonds, Series 2017	905,320	4.00%	3028	\$ 269,658
General Obligation Refunding Bonds, Series 2020	773,500	1.01%	2030	\$ 396,500
General Obligation Refunding Bonds, Series 2020	862,750	1.01%	2030	<u>\$ 442,250</u>
Total General Refunding Bonds				<u>\$ 4,981,042</u>
Contract Revenue Bonds - GTUA:				
Contract Revenue Bond Series 2010	\$ 4,585,680	4.13%	2030	\$ 1,344,600
Contract Revenue Bond Series 2011	4,100,000	.021%-2.587%	2031	1,880,000
Contract Revenue Bond Series 2011-A	2,000,000	.174%-2.822%	2031	945,000
Contract Revenue Bond Series 2012	1,135,000	.140%-1.860%	2032	510,000
Contract Revenue Bond Series 2022	2,705,000	2.36%-3.60%	2042	<u>2,485,000</u>
Total Contract Revenue Bond				<u>\$ 7,164,600</u>
Total bonded debt - Enterprise activities				<u>\$ 33,789,191</u>

The annual debt service requirements to the maturity for long-term debt outstanding as of September 30, 2025, are as follows:

Year Ended September 30,	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 641,613	\$ 298,153	\$ 748,388	\$ 126,095
2027	495,873	274,741	679,127	109,912
2028	510,383	248,928	699,617	94,424
2029	368,326	223,474	496,674	80,586
2030-2034	1,402,299	762,369	1,972,493	220,008
2035-2036	<u>295,256</u>	<u>180,360</u>	<u>384,743</u>	<u>12,596</u>
Total	<u>\$ 3,713,750</u>	<u>\$ 1,988,025</u>	<u>\$ 4,981,042</u>	<u>\$ 643,621</u>

Year Ended September 30,	Certificates of Obligation			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 671,189	\$ 238,636	\$ 1,438,811	\$ 824,322
2027	688,088	223,875	1,486,912	774,726
2028	667,813	209,914	1,517,188	723,099
2029	689,712	196,750	1,560,289	670,108
2030-2034	3,761,974	773,060	8,068,026	2,451,687
2035-2039	3,936,701	409,117	4,508,300	1,177,729
2040-2044	<u>2,425,974</u>	<u>112,970</u>	<u>3,064,023</u>	<u>292,563</u>
Total	<u>\$ 12,841,451</u>	<u>\$ 2,164,322</u>	<u>\$ 21,643,549</u>	<u>\$ 6,914,234</u>

Year Ended September 30,	Contract Revenue Bonds	
	Business-Type Activities	
	Principal	Interest
2026	\$ 812,440	\$ 186,694
2027	828,920	168,188
2028	850,400	148,773
2029	871,880	128,007
2030-2034	2,420,960	361,798
2035-2039	725,000	179,054
2040-2044	<u>655,000</u>	<u>47,953</u>
Total	<u>\$ 7,164,600</u>	<u>\$ 1,220,467</u>

Arbitrage

The Tax Reform act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the City. The City has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the City has reported an arbitrage liability at year end in the amount of \$718,013.

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the City place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City's landfill was considered full September 30, 1994. The estimated total cost of the landfill closure and postclosure care cost of \$1,075,000 was recognized at September 30, 1993, was based on an amount that would be paid if all services required to close, monitor, and maintain the landfill were incurred as of September 30, 1993. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. In recent years, to comply with State regulations, the postclosure liability has been increased to adjust for inflation. The balance of the liability at September 30, 2025 was \$849,804. The change in postclosure care costs liability for the fiscal year ended September 30, 2025 was an increase of \$19,570.

Contractual Obligations

Greater Texoma Utility Authority

Included in amounts reported as City's long-term debt are obligations entered into with the Greater Texoma Utility Authority (GTUA). Under the terms of the long-term water supply and sewer service contracts, GTUA uses bonded debt to finance and manage the construction of water and sewer infrastructure that is used by the City in operations. In turn, GTUA is granted an undivided ownership interest in the constructed assets equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA bonds. The City is then obligated to make payments to GTUA sufficient to fund:

1. The principal and interest on GTUA's bonds;
2. The maintenance of a reserve fund for the security and payment of GTUA's bonds;
3. The administrative and overhead expenses of GTUA directly attributable to the bonds; and
4. Any extraordinary expenses incurred by GTUA in connection with the bonds.

These agreements are in effect for each related GTUA bond project and remain in effect until that bond has been paid in full, is retired, and is no longer outstanding. At that time, GTUA's ownership interest in the facilities terminates.

As part of the City's obligation to GTUA, the City covenants that it will charge water fees sufficient to cover the debt service each year using operating funds. For the year ended September 30, 2025, operating revenues of the water sewer fund were \$11.4 million, and the required payments made to GTUA under these agreements were \$791 thousand.

Lake Texoma Reallocation Project

GTUA facilitated the issuance of bonds to finance acquisition of water storage rights in Lake Texoma. The Lake Texoma Reallocation Project is comprised of the cities of Collinsville, Denison, Gainesville, Gunter, Lindsay, Pottsboro, Sherman, Southmayd, Whitesboro and the special utility districts of Marilee, Northwest Grayson County, Two Way Water, and Red River Authority. Revenues from the City are pledged to secure the bond debt. During the year ended September 30, 2025, the City paid \$255,960.

IX. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 934 plans in the multi-employer defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 150% of the employee's accumulated contributions and are only payable in the form of an annuity.

Employee deposit rate	7%
Matching ratio (City to employee)	1.5 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating transfers
Annual increase to retirees	70% of CIP, repeating

Employees Covered by Benefit Terms

At the December 31, 2024, valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefi	166
Inactive employees entitled to but not yet receiving benefits	157
Active employees	<u>216</u>
Total	<u><u>539</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the municipal matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the municipality. Under the state law governing TMRS, the contribution rate for each municipality is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 9.63% and 13.07% in the calendar years 2024 and 2025, respectively. The City elected contribution rate was 12.88% and 13.07% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$5,185,166, including \$3,100,000 additional contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.55% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality table. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of arithmetic real rates return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core fixed income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

The City's net pension liability is generally liquidated by the General Fund, proprietary funds, and the component unit. As of September 30, 2025, the City reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2023	\$ 66,479,815	\$ 56,066,210	\$ 10,413,605
Changes for the year:			
Service cost	2,105,903	-	2,105,903
Interest	4,468,069	-	4,468,069
Changes in benefit terms	-	-	-
Difference between expected and actual experience	673,971	-	673,971
Change in assumptions	-	-	-
Contributions - employer	-	4,865,016	(4,865,016)
Contributions - employee	-	1,053,704	(1,053,704)
Net investment income	-	5,830,438	(5,830,438)
Benefit payments, including refunds of employee contributions	(2,678,286)	(2,678,286)	-
Administrative expense	-	(37,362)	37,362
Other changes	-	(873)	873
Net changes	<u>4,569,657</u>	<u>9,032,637</u>	<u>(4,462,980)</u>
Balance at 12/31/2024	<u>\$ 71,049,472</u>	<u>\$ 65,098,847</u>	<u>\$ 5,950,625</u>

At September 30, 2025, the Component Unit reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2023	\$ 1,676,649	\$ 1,414,014	\$ 262,635
Changes for the year:			
Service cost	53,112	-	53,112
Interest	112,687	-	112,687
Changes in benefit terms	-	-	-
Difference between expected and actual experience	16,998	-	16,998
Change in assumptions	-	-	-
Contributions - employer	-	122,698	(122,698)
Contributions - employee	-	26,575	(26,575)
Net investment income	-	147,046	(147,046)
Benefit payments, including refunds of employee contributions	(67,548)	(67,548)	-
Administrative expense	-	(942)	942
Other changes	-	(22)	22
Net changes	<u>115,249</u>	<u>227,807</u>	<u>(112,558)</u>
Balance at 12/31/2024	<u>\$ 1,791,898</u>	<u>\$ 1,641,821</u>	<u>\$ 150,077</u>

The following presents the net pension liability of the City and component unit, calculated using the discount rate of 6.75 %, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 15,371,187	\$ 5,950,625	\$ (2,303,967)
Component unit's net pension liability	<u>387,667</u>	<u>150,077</u>	<u>(58,107)</u>
Total	<u>\$ 20,475,268</u>	<u>\$ 6,100,702</u>	<u>\$ 2,649,173</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained electronically at www.TMRS.com.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City and the component unit recognized pension expense of \$5,981,127 and \$119,576, respectively.

As of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 737,052	\$ -
Changes in actuarial assumptions	-	207,304
Difference between projected and actual investment earnings	-	707,451
Contributions subsequent to the measurement date	<u>1,632,194</u>	<u>-</u>
Total	<u>\$ 2,369,246</u>	<u>\$ 914,755</u>

At September 30, 2025, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 18,589	\$ -
Changes in actuarial assumptions	-	5,228
Difference between projected and actual investment earnings	-	17,842
Contributions subsequent to the measurement date	<u>41,165</u>	<u>-</u>
Total	<u>\$ 59,754</u>	<u>\$ 23,070</u>

The City and component unit reported \$1,632,194 and \$41,165 respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	City	Component Unit
2026	\$ 264,076	\$ 6,660
2027	790,155	19,928
2028	(822,741)	(20,750)
2029	(409,193)	(10,319)

X. OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description.

The City voluntarily participates in a multiple-employer other post-employment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. No assets are accumulated in a trust. The Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided.

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>216</u>
Total	<u><u>366</u></u>

Contributions.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.39% for 2024 and 0.38% for 2025, of which 0.19% and 0.18%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City and Component Unit's contributions to the SDBF for the year ended September 30, 2025 was \$27,389 and \$708, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions.

The City and Component Unit's total OPEB liability of \$675,607 and \$17,038, respectively, were measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08% per year
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2018 to December 31, 2022. Changes in assumptions reflect the annual change in the municipal bond rate.

Discount Rate.

A single discount rate of 1.84% was used to measure the total OPEB liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from the City is made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2023.

Discount Rate Sensitivity Analysis.

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the total OPEB Liability.

	1% Decrease in Discount Rate (.08%)	Current Single Discount Rate (1.84%)	1% Increase in Discount Rate (2.8%)
City's total OPEB liability	\$ 792,187	\$ 675,606	\$ 583,448
Component unit's total OPEB liability	<u>19,979</u>	<u>17,039</u>	<u>14,715</u>
Total	<u>\$ 812,166</u>	<u>\$ 692,645</u>	<u>\$ 598,163</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.

At September 30, 2025, the City and component unit reported a total OPEB liability of \$675,606 and \$17,039, respectively. The total OPEB Liability was determined by an actuarial valuation as of December 31, 2025. For the year ended September 30, 2025, the City and component unit recognized OPEB expense of \$10,421 and \$263, respectively. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the Total OPEB Liability

At September 30, 2025, the City reported Total OPEB liabilities related to other post-employment benefits from the following sources:

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at 12/31/2023	\$ 678,554
Changes for the year:	
Service cost	27,096
Interest	25,582
Difference between expected and actual experience	4,758
Change in assumptions	(33,287)
Benefit payments, including refunds of employee contributions	<u>(27,097)</u>
Net changes	<u>(2,948)</u>
Balance at 12/31/2024	<u>\$ 675,606</u>

At September 30, 2025, the component unit reported net OPEB liabilities related to other post-employment benefits from the following sources:

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at 12/31/2023	\$ 17,113
Changes for the year:	
Service cost	683
Interest	645
Difference between expected and actual experience	120
Change in assumptions	(840)
Benefit payments, including refunds of employee contributions	<u>(682)</u>
Net changes	<u>(74)</u>
Balance at 12/31/2024	<u>\$ 17,039</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.77% to 1.84 %.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 3,783	\$ 20,283
Changes in actuarial assumptions	29,165	149,004
Contributions subsequent to the measurement date	<u>22,923</u>	<u>-</u>
Total	<u>\$ 55,871</u>	<u>\$ 169,287</u>

At September 30, 2025, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 95	\$ 512
Changes in actuarial assumptions investment earnings	736	3,758
Contributions subsequent to the measurement date	<u>578</u>	<u>-</u>
Total	<u>\$ 1,409</u>	<u>\$ 4,270</u>

The City and component unit reported \$22,923 and \$578, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended September 30,</u>	<u>City</u>	<u>Component Unit</u>
2026	\$ (62,215)	\$ (1,569)
2027	(59,762)	(1,507)
2028	(9,217)	(232)
2029	(5,145)	(131)

XI. ACCOUNTING CHANGES AND ERROR CORRECTIONS

Changes within the Financial Reporting Entity

During the year the City had changes within the financial reporting entity:

1. The 2023 CO Bond Fund was previously reported as a major governmental fund and is now reported as a nonmajor fund. The change in classification is required based on quantitative factors.
2. During fiscal year 2025, the City reviewed fund classifications and moved the Sewer Line Improvements Fund from non-major capital projects in the governmental funds into the water and sewer fund in the business-type activities.

The governmental activities net position had a balance of \$60,830,675 balance as of September 30, 2024 and with the deduction of \$(998,139) brought the restated balance to \$59,832,536. The business-type activities restated net position as of September 30, 2024 is \$49,808,340 from the prior \$48,810,201.

The non-major governmental beginning fund had a deduction of \$(998,139) with a restated balance of \$15,509,563 along with the re-classification of major to non-major funds \$8,537,700 for a new restated balance of \$23,049,124. The water and sewer fund had a beginning balance of \$18,675,013 and had an increase of \$998,139 for a new restated balance of \$19,673,152.

	9/30/2024 As Previously Reported	Change Within Financial Reporting Entity	9/30/2024 As Restated
Government-Wide			
Governmental activities	\$ 60,830,675	\$ (998,139)	\$ 59,832,536
Business-type activities	<u>48,810,201</u>	<u>998,139</u>	<u>49,808,340</u>
Total primaty government	<u>\$109,640,876</u>	<u>\$ -</u>	<u>\$109,640,876</u>
Governmental Funds			
Major funds:			
2023 CO Bonds	\$ 8,537,700	\$ (8,537,700)	\$ -
Nonmajor funds	15,509,563	7,539,561	23,049,124
Business-Type Funds			
Water and Sewer	<u>18,675,013</u>	<u>998,139</u>	<u>19,673,152</u>
Total government funds	<u>\$ 53,548,912</u>	<u>\$ -</u>	<u>\$ 53,548,912</u>

XII. NEW ACCOUNTING PRONOUNCEMENTS

Significant new accounting standards issued by the GASB but not yet implemented by the City include the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,811,608	\$ 7,851,403	\$ 7,834,551	\$ (16,852)
Sales taxes	6,660,000	7,610,000	8,158,948	548,948
Franchise taxes	1,221,000	1,217,335	1,341,513	124,178
Mixed beverage tax	36,000	41,000	48,652	7,652
Service charges	1,123,200	1,105,034	1,240,978	135,944
License & permits	488,000	1,097,901	1,286,917	189,016
Fines & forfeitures	377,800	376,900	526,698	149,798
Investment income	425,000	540,000	703,823	163,823
Intergovernmental revenues	-	2,655	5,520	2,865
Other income	<u>923,900</u>	<u>1,073,390</u>	<u>544,404</u>	<u>(528,986)</u>
Total revenues	<u>19,066,508</u>	<u>20,915,618</u>	<u>21,692,004</u>	<u>776,386</u>
EXPENDITURES				
General government:				
Administration	764,204	738,693	687,711	50,982
Human resources	306,549	311,300	297,232	14,068
Information technology	417,721	424,949	401,471	23,478
Building operations	74,200	74,200	66,533	7,667
Public assistance programs	159,450	159,450	121,500	37,950
Municipal court	344,384	339,880	327,728	12,152
Civic center operations	<u>331,191</u>	<u>317,421</u>	<u>313,869</u>	<u>3,552</u>
Total general government	<u>2,397,699</u>	<u>2,365,893</u>	<u>2,216,044</u>	<u>149,849</u>
Community development:				
Planning and zoning	253,940	216,587	224,486	(7,899)
Code compliance	<u>731,022</u>	<u>718,832</u>	<u>686,951</u>	<u>31,881</u>
Total community development	<u>984,962</u>	<u>935,419</u>	<u>911,437</u>	<u>23,982</u>
Finance	693,780	693,780	661,286	32,494
Public safety:				
Police	7,281,627	6,973,105	6,646,270	326,835
Emergency management	41,040	40,734	39,923	811
Fire	<u>5,680,733</u>	<u>5,687,622</u>	<u>5,935,610</u>	<u>(247,988)</u>
Total public safety	<u>13,003,400</u>	<u>12,701,461</u>	<u>12,621,803</u>	<u>79,658</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES (continued):				
Public works:				
Administration	121,371	119,913	118,230	1,683
Street maintenance	970,879	971,879	922,516	49,363
Central garage	345,132	345,034	341,010	4,024
Parks and recreation operations	1,147,768	1,147,768	1,063,124	84,644
Zoo operations	1,659,775	1,668,406	1,597,704	70,702
Cemetery Operations	428,011	401,974	363,700	38,274
Total public works	<u>4,672,936</u>	<u>4,654,974</u>	<u>4,406,284</u>	<u>248,690</u>
Capital outlay	<u>535,964</u>	<u>615,286</u>	<u>490,297</u>	<u>124,989</u>
TOTAL EXPENDITURES	<u>22,288,741</u>	<u>21,966,813</u>	<u>21,307,151</u>	<u>659,662</u>
Excess of revenues over expenditures	<u>(3,222,233)</u>	<u>(1,051,195)</u>	<u>384,853</u>	<u>1,436,048</u>
OTHER FINANCING SOURCES (USES)				
Proceeds on sale of fixed assets	-	-	36,355	36,355
Transfers in	3,406,595	3,392,938	3,406,595	13,657
Transfers out	<u>(156,000)</u>	<u>(1,991,273)</u>	<u>(1,995,761)</u>	<u>(4,488)</u>
Total other financing sources (uses)	<u>3,250,595</u>	<u>1,401,665</u>	<u>1,447,189</u>	<u>45,524</u>
NET CHANGE IN FUND BALANCE	28,362	350,470	1,832,042	1,481,572
FUND BALANCE - BEGINNING	<u>10,826,636</u>	<u>10,826,636</u>	<u>10,826,636</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 10,854,998</u>	<u>\$ 11,177,106</u>	<u>\$ 12,658,678</u>	<u>\$ 1,481,572</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement year December 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability			
Service cost	\$ 2,159,015	\$ 1,922,134	\$ 1,541,056
Interest on total pension liability	4,580,756	4,323,198	3,825,017
Changes in benefit terms	-	4,221,642	-
Difference between expected and actual experience	690,969	598,021	143,213
Change or assumptions	-	(511,874)	-
Benefit payments/refunds of contributions	<u>(2,745,834)</u>	<u>(2,522,649)</u>	<u>(2,559,375)</u>
Net change in total pension liability	<u>4,684,906</u>	<u>8,030,472</u>	<u>2,949,911</u>
 Total pension liability, beginning	 <u>68,156,464</u>	 <u>60,125,992</u>	 <u>57,176,081</u>
 Total pension liability, ending (a)	 <u>\$ 72,841,370</u>	 <u>\$ 68,156,464</u>	 <u>\$ 60,125,992</u>
 Plan fiduciary net position			
Contributions - employer	\$ 4,987,714	\$ 2,347,524	\$ 3,056,953
Contributions - employee	1,080,279	858,734	820,471
Net investment income	5,977,484	5,900,305	(3,907,457)
Benefit payments/refunds of contributions	(2,745,834)	(2,522,649)	(2,559,375)
Administrative expenses	(38,304)	(37,503)	(33,805)
Other	<u>(895)</u>	<u>(260)</u>	<u>40,339</u>
Net change in fiduciary net position	<u>9,260,444</u>	<u>6,546,151</u>	<u>(2,582,874)</u>
 Fiduciary net position, beginning	 <u>57,480,224</u>	 <u>50,934,073</u>	 <u>53,516,947</u>
 Fiduciary net position, ending (b)	 <u>\$ 66,740,668</u>	 <u>\$ 57,480,224</u>	 <u>\$ 50,934,073</u>
 Net pension liability = (a)-(b)	 <u>6,100,702</u>	 <u>10,676,240</u>	 <u>9,191,919</u>
 Fiduciary net position as a percentage of total pension liability	 91.62%	 84.34%	 84.71%
 Covered payroll	 \$ 15,432,562	 \$ 14,312,238	 \$ 13,447,260
 Net pension liability as a percentage of covered employee payroll	 39.53%	 74.60%	 68.36%

2021	2020	2019	2018	2017	2016	2015
\$ 1,452,055	\$ 1,399,262	\$ 1,384,495	\$ 1,311,903	\$ 1,044,140	\$ 1,032,475	\$ 983,604
3,614,936	3,434,978	3,254,251	3,129,818	2,800,533	2,675,417	2,667,580
-	-	-	3,430,995	-	-	-
376,949	52,630	160,325	(416,450)	(476,904)	17,839	(96,053)
-	-	110,743	-	-	-	(78,753)
<u>(2,192,891)</u>	<u>(2,301,534)</u>	<u>(2,177,988)</u>	<u>(2,258,256)</u>	<u>(1,850,434)</u>	<u>(1,907,792)</u>	<u>(2,036,560)</u>
<u>3,251,049</u>	<u>2,585,336</u>	<u>2,731,826</u>	<u>5,198,010</u>	<u>1,517,335</u>	<u>1,817,939</u>	<u>1,439,818</u>
<u>53,925,032</u>	<u>51,339,696</u>	<u>48,607,870</u>	<u>43,409,860</u>	<u>41,892,525</u>	<u>40,074,586</u>	<u>38,634,768</u>
<u>\$ 57,176,081</u>	<u>\$ 53,925,032</u>	<u>\$ 51,339,696</u>	<u>\$ 48,607,870</u>	<u>\$ 43,409,860</u>	<u>\$ 41,892,525</u>	<u>\$ 40,074,586</u>
\$ 2,994,006	\$ 1,491,158	\$ 1,683,674	\$ 1,090,028	\$ 1,041,967	\$ 991,986	\$ 1,006,406
766,991	735,164	725,499	568,908	543,257	532,753	518,232
5,993,005	3,249,841	5,706,203	(1,159,231)	4,746,611	2,191,755	48,641
(2,192,891)	(2,301,534)	(2,177,988)	(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)
(27,737)	(21,037)	(32,257)	(22,409)	(24,603)	(24,783)	(29,628)
<u>190</u>	<u>(821)</u>	<u>(969)</u>	<u>(1,170)</u>	<u>(1,247)</u>	<u>(1,335)</u>	<u>(1,463)</u>
<u>7,533,564</u>	<u>3,152,771</u>	<u>5,904,162</u>	<u>(1,782,130)</u>	<u>4,455,551</u>	<u>1,782,584</u>	<u>(494,372)</u>
<u>45,983,383</u>	<u>42,830,612</u>	<u>36,926,450</u>	<u>38,708,580</u>	<u>34,253,029</u>	<u>32,470,445</u>	<u>32,964,817</u>
<u>\$ 53,516,947</u>	<u>\$ 45,983,383</u>	<u>\$ 42,830,612</u>	<u>\$ 36,926,450</u>	<u>\$ 38,708,580</u>	<u>\$ 34,253,029</u>	<u>\$ 32,470,445</u>
<u>3,659,134</u>	<u>7,941,649</u>	<u>8,509,084</u>	<u>11,681,420</u>	<u>4,701,280</u>	<u>7,639,496</u>	<u>7,604,141</u>
93.60%	85.27%	83.43%	75.97%	89.17%	81.76%	81.03%
\$ 12,770,933	\$ 12,252,735	\$ 12,091,656	\$ 11,378,167	\$ 10,865,140	\$ 10,655,057	\$ 10,364,634
28.65%	64.82%	70.37%	102.67%	43.27%	71.70%	73.37%

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year ended September 30,	2025	2024	2023	2022
Actuarially determined contribution	\$ 1,966,946	\$ 1,520,690	\$ 1,524,383	\$ 1,645,528
Contributions in relation to the actuarially determined contribution	<u>(5,185,166)</u>	<u>(2,210,397)</u>	<u>(2,553,119)</u>	<u>(4,005,586)</u>
Contribution deficiency (excess)	(3,218,220)	(689,707)	(1,028,736)	(2,360,058)
Covered payroll	16,006,710	15,408,441	13,986,255	13,313,333
Contributions as a percentage of covered payroll	32.39%	14.35%	18.25%	30.09%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes Increase employee contribution rate from 6% to 7%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,614,216	\$ 1,470,524	\$ 1,380,098	\$ 1,061,273	\$ 1,048,344	\$ 1,024,989
<u>(1,614,216)</u>	<u>(1,470,524)</u>	<u>(1,603,100)</u>	<u>(1,061,273)</u>	<u>(1,048,344)</u>	<u>(1,024,989)</u>
-	-	(223,002)	-	-	-
13,060,381	12,107,573	12,139,096	11,074,513	10,790,139	10,364,634
12.36%	12.15%	13.21%	9.58%	9.72%	9.89%

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFIT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement year December 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB liability			
Service cost	\$ 27,779	\$ 22,900	\$ 47,065
Interest on total OPEB liability	26,227	26,053	17,127
Difference between expected and actual experience	4,878	(4,329)	(11,668)
Change or assumptions	(34,127)	32,802	(300,927)
Benefit payments/refunds of contributions	<u>(27,779)</u>	<u>(27,193)</u>	<u>(26,895)</u>
Net change in total OPEB liability	<u>(3,022)</u>	<u>50,233</u>	<u>(275,298)</u>
Total OPEB liability, beginning	<u>695,667</u>	<u>645,434</u>	<u>920,732</u>
Total OPEB liability, ending (b)	<u>\$ 692,645</u>	<u>\$ 695,667</u>	<u>\$ 645,434</u>
Covered - employee payroll	\$ 15,432,562	\$ 14,312,238	\$ 13,447,260
Total OPEB liability as a percentage of covered employee payroll	4.49%	4.86%	4.80%

Note: GASB Statement 75 requires this schedule to report 10 years of data. Data prior to 2017 is not available. No assets are accumulated in a trust for the SDB plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

2021	2020	2019	2018
\$ 38,313	\$ 29,407	\$ 20,556	\$ 23,894
18,605	21,681	24,977	22,453
(62,325)	(11,166)	(45,537)	1,357
26,527	113,266	119,281	(43,517)
<u>(22,988)</u>	<u>(8,577)</u>	<u>(8,464)</u>	<u>(6,827)</u>
<u>(1,868)</u>	<u>144,611</u>	<u>110,813</u>	<u>(2,640)</u>
<u>922,600</u>	<u>777,989</u>	<u>667,176</u>	<u>669,816</u>
<u>\$ 920,732</u>	<u>\$ 922,600</u>	<u>\$ 777,989</u>	<u>\$ 667,176</u>
\$ 12,770,933	\$ 12,252,735	\$ 10,091,656	\$ 11,378,167
7.21%	7.53%	7.71%	5.86%

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

CITY OF GAINESVILLE, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Security	Hotel/ Motel	Law Enforcement Education
ASSETS				
Cash and cash equivalents	\$ 7,490	\$ 43,576	\$ 774,023	\$ 2,764
Receivables (net of allowance):				
Taxes	-	-	-	-
Other	-	-	84,411	-
Total assets	<u>7,490</u>	<u>43,576</u>	<u>858,434</u>	<u>2,764</u>
LIABILITIES				
Accounts payable	78	-	14,641	250
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>78</u>	<u>-</u>	<u>14,641</u>	<u>250</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable for:				
Cemetery	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Construction	-	-	-	-
Grants	-	-	-	-
Tourism and the arts	-	-	843,793	-
Other	7,412	43,576	-	2,514
Assigned for:				
Capital projects	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>7,412</u>	<u>43,576</u>	<u>843,793</u>	<u>2,514</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,490</u>	<u>\$ 43,576</u>	<u>\$ 858,434</u>	<u>\$ 2,764</u>

Special Revenue Funds

Federal Seizure Fund	Impact Fees Service Area A	Municipal Court Juv Case Manager	American Recovery Grant	City Athletic Fields	State Seizure	Cable PEG Fee Fund
\$ 19,409	\$ 251,903	\$ 28,149	\$ 1,637,306	\$ 64,526	\$ 49,009	\$ 230,946
-	-	-	-	-	-	-
<u>19,409</u>	<u>251,903</u>	<u>28,149</u>	<u>1,637,306</u>	<u>64,526</u>	<u>645</u>	<u>2,703</u>
-	-	299	-	-	-	-
-	-	-	1,495,596	-	-	-
<u>-</u>	<u>-</u>	<u>299</u>	<u>1,495,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	251,903	-	-	-	-	-
-	-	-	141,710	-	-	-
-	-	-	-	-	-	-
19,409	-	27,850	-	-	49,654	233,649
-	-	-	-	-	-	-
-	-	-	-	64,526	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>19,409</u>	<u>251,903</u>	<u>27,850</u>	<u>141,710</u>	<u>64,526</u>	<u>49,654</u>	<u>233,649</u>
<u>\$ 19,409</u>	<u>\$ 251,903</u>	<u>\$ 28,149</u>	<u>\$ 1,637,306</u>	<u>\$ 64,526</u>	<u>\$ 49,654</u>	<u>\$ 233,649</u>

CITY OF GAINESVILLE, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue Funds			
	Impact Fees Service Area B	RCI Gainesville TIRZ	Mesa MUD	Opioid Settlement
ASSETS				
Cash and cash equivalents	\$ 589,526	\$ 4,980	\$ 2,406	\$ 109,273
Receivables (net of allowance):				
Taxes	-	-	-	-
Other	-	-	-	-
Total assets	<u>589,526</u>	<u>4,980</u>	<u>2,406</u>	<u>109,273</u>
LIABILITIES				
Accounts payable	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable for:				
Cemetery	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Construction	589,526	-	-	-
Grants	-	-	-	-
Tourism and the arts	-	-	-	-
Other	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Other	-	4,980	2,406	109,273
Unassigned	-	-	-	-
Total fund balances	<u>589,526</u>	<u>4,980</u>	<u>2,406</u>	<u>109,273</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 589,526</u>	<u>\$ 4,980</u>	<u>\$ 2,406</u>	<u>\$ 109,273</u>

Special Revenue Funds

PID Liberty Pointe	PID Liberty Pointe Escrow	Foundry Road	MC Consolidated Security/Tech	TIRZ #2 Airport	TIRZ #3 Downtown
\$ 9,734	\$ 440,001	\$ -	\$ 10,895	\$ -	\$ -
-	-	-	-	-	-
<u>9,734</u>	<u>440,001</u>	<u>-</u>	<u>10,895</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	58,674	-	9,685	2,695
<u>-</u>	<u>-</u>	<u>58,674</u>	<u>-</u>	<u>9,685</u>	<u>2,695</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,734	440,001	-	10,895	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,734</u>	<u>440,001</u>	<u>(58,674)</u>	<u>10,895</u>	<u>(9,685)</u>	<u>(2,695)</u>
<u>9,734</u>	<u>440,001</u>	<u>(58,674)</u>	<u>10,895</u>	<u>(9,685)</u>	<u>(2,695)</u>
<u>\$ 9,734</u>	<u>\$ 440,001</u>	<u>\$ -</u>	<u>\$ 10,895</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GAINESVILLE, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Capital Projects Funds			Debt Service
	Capital Projects Fund	2023 CO Bonds	2024 CO Bonds	Debt Service Fund
ASSETS				
Cash and cash equivalents	\$ 2,685,489	\$ 176,658	\$ 3,855,719	\$ 2,129,330
Receivables (net of allowance):				
Taxes	-	-	-	58,474
Other	-	-	-	-
Total assets	<u>2,685,489</u>	<u>176,658</u>	<u>3,855,719</u>	<u>2,187,804</u>
LIABILITIES				
Accounts payable	1,444	-	18,500	3,620
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>1,444</u>	<u>-</u>	<u>18,500</u>	<u>3,620</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	58,474
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,474</u>
FUND BALANCES				
Nonspendable for:				
Cemetery	-	-	-	-
Restricted for:				
Debt service	-	-	-	2,125,710
Construction	-	176,658	3,837,219	-
Grants	-	-	-	-
Tourism and the arts	-	-	-	-
Other	-	-	-	-
Assigned for:				
Capital projects	2,684,045	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,684,045</u>	<u>176,658</u>	<u>3,837,219</u>	<u>2,125,710</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 2,685,489</u>	<u>\$ 176,658</u>	<u>\$ 3,855,719</u>	<u>\$ 2,187,804</u>

<u>Permanent Funds</u>		
<u>Cemetery Permanent</u>	<u>Cohen Scholarship</u>	<u>Nonmajor Governmental Funds</u>
\$ 1,969,098	\$ 13,147	\$ 15,105,357
-	-	58,474
-	-	87,759
<u>1,969,098</u>	<u>13,147</u>	<u>15,251,590</u>
-	-	38,832
-	-	1,495,596
-	-	71,054
<u>-</u>	<u>-</u>	<u>1,605,482</u>
-	-	58,474
<u>-</u>	<u>-</u>	<u>58,474</u>
1,969,098	-	1,969,098
-	-	2,125,710
-	-	4,855,306
-	-	141,710
-	-	843,793
-	13,147	857,841
-	-	2,684,045
-	-	181,185
-	-	(71,054)
<u>1,969,098</u>	<u>13,147</u>	<u>13,587,634</u>
<u>\$ 1,969,098</u>	<u>\$ 13,147</u>	<u>\$ 15,251,590</u>

CITY OF GAINESVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Security	Hotel/ Motel	Law Enforcement Education
REVENUES				
Taxes:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	1,024,361	-
Service Charges	-	-	-	-
License & permits	-	-	-	-
Fines & forfeitures	7,174	8,747	-	-
Impact fees	-	-	-	-
Investment income	357	1,681	30,086	138
Intergovernmental revenues	-	-	-	-
Other income	-	-	-	6,704
Total revenues	<u>7,531</u>	<u>10,428</u>	<u>1,054,447</u>	<u>6,842</u>
EXPENDITURES				
Current:				
General government	-	-	250,230	-
Community development	-	-	-	-
Finance	-	-	-	-
Public safety	12,010	-	-	4,530
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>12,010</u>	<u>-</u>	<u>250,230</u>	<u>4,530</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,479)</u>	<u>10,428</u>	<u>804,217</u>	<u>2,312</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	-	-
Transfers out	-	-	(584,833)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(584,833)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(4,479)</u>	<u>10,428</u>	<u>219,384</u>	<u>2,312</u>
FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	<u>11,891</u>	<u>33,148</u>	<u>624,409</u>	<u>202</u>
ADJUSTMENTS				
Change to or within the financial reporting entity	-	-	-	-
Total adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING AS RESTATED	<u>11,891</u>	<u>33,148</u>	<u>624,409</u>	<u>202</u>
FUND BALANCES - ENDING	<u>\$ 7,412</u>	<u>\$ 43,576</u>	<u>\$ 843,793</u>	<u>\$ 2,514</u>

Special Revenue Funds					
Federal Seizure Fund	Impact Fees Service Area A	Municipal Court Juv Case Manager	American Recovery Grant	City Athletic Fields	State Seizure
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	5,691	-
-	-	-	-	-	-
19,350	-	14,951	-	-	-
-	180,461	-	-	-	-
6	4,836	1,354	84,345	1,781	2,816
-	-	-	2,330	-	-
-	-	-	-	-	1,400
<u>19,356</u>	<u>185,297</u>	<u>16,305</u>	<u>86,675</u>	<u>7,472</u>	<u>4,216</u>
-	-	1,148	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,120
-	-	-	-	-	24,783
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,148</u>	<u>-</u>	<u>-</u>	<u>25,903</u>
<u>19,356</u>	<u>185,297</u>	<u>15,157</u>	<u>86,675</u>	<u>7,472</u>	<u>(21,687)</u>
-	-	-	-	-	645
-	-	(13,000)	(215,845)	-	-
-	-	(13,000)	(215,845)	-	645
19,356	185,297	2,157	(129,170)	7,472	(21,042)
<u>53</u>	<u>66,606</u>	<u>25,693</u>	<u>270,880</u>	<u>57,054</u>	<u>70,696</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>53</u>	<u>66,606</u>	<u>25,693</u>	<u>270,880</u>	<u>57,054</u>	<u>70,696</u>
<u>\$ 19,409</u>	<u>\$ 251,903</u>	<u>\$ 27,850</u>	<u>\$ 141,710</u>	<u>\$ 64,526</u>	<u>\$ 49,654</u>

CITY OF GAINESVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds			
	Cable PEG Fee Fund	Impact Fees Service Area B	RCI Gainesville TIRZ	Mesa MUD
REVENUES				
Taxes:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-
Service Charges	-	-	-	-
License & permits	8,742	-	-	-
Fines & forfeitures	-	-	-	-
Impact fees	-	215,908	-	-
Investment income	9,396	20,309	146	70
Intergovernmental revenues	-	-	-	-
Other income	-	-	-	-
Total revenues	<u>18,138</u>	<u>236,217</u>	<u>146</u>	<u>70</u>
EXPENDITURES				
Current:				
General government	16,026	-	-	-
Community development	-	-	-	-
Finance	-	-	82	17
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>16,026</u>	<u>118,450</u>	<u>82</u>	<u>17</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,112</u>	<u>117,767</u>	<u>64</u>	<u>53</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,112	117,767	64	53
FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	<u>231,537</u>	<u>471,759</u>	<u>4,916</u>	<u>2,353</u>
ADJUSTMENTS				
Change to or within the financial reporting entity	-	-	-	-
Total adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING AS RESTATED	<u>231,537</u>	<u>471,759</u>	<u>4,916</u>	<u>2,353</u>
FUND BALANCES - ENDING	<u>\$ 233,649</u>	<u>\$ 589,526</u>	<u>\$ 4,980</u>	<u>\$ 2,406</u>

Special Revenue Funds

Opioid Settlement	PID Liberty Pointe	PID Liberty Pointe Escrow	Foundry Road	MC Consolidated Security/Tech	TIRZ #2 Aiport	TIRZ #3 Downtown
\$ -	\$ -	\$ 439,595	\$ -	\$ -	\$ 27,385	\$ -
-	-	-	-	-	-	-
-	-	-	-	10,832	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,481	281	4,260	-	13	-	-
-	-	-	560,724	-	-	-
<u>45,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>48,356</u>	<u>281</u>	<u>443,855</u>	<u>560,724</u>	<u>10,845</u>	<u>27,385</u>	<u>-</u>
-	-	-	-	-	37,070	2,695
-	-	29,670	-	-	-	-
-	-	-	-	-	-	-
-	-	-	511,413	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>29,670</u>	<u>511,413</u>	<u>-</u>	<u>37,070</u>	<u>2,695</u>
<u>48,356</u>	<u>281</u>	<u>414,185</u>	<u>49,311</u>	<u>10,845</u>	<u>(9,685)</u>	<u>(2,695)</u>
-	-	-	-	50	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
48,356	281	414,185	49,311	10,895	(9,685)	(2,695)
<u>60,917</u>	<u>9,453</u>	<u>25,816</u>	<u>(107,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>60,917</u>	<u>9,453</u>	<u>25,816</u>	<u>(107,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 109,273</u>	<u>\$ 9,734</u>	<u>\$ 440,001</u>	<u>\$ (58,674)</u>	<u>\$ 10,895</u>	<u>\$ (9,685)</u>	<u>\$ (2,695)</u>

CITY OF GAINESVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Capital Projects			
	Capital Projects Fund	Sewer Line Improvement	2023 CO Bonds	2024 CO Bonds
REVENUES				
Taxes:				
Ad valorem taxes	\$ -		\$ -	\$ -
Occupancy tax	-		-	-
Service Charges	-		-	-
License & permits	-		-	-
Fines & forfeitures	-		-	-
Impact fees	-		-	-
Investment income	72,676		238,958	181,300
Intergovernmental revenues	-		-	-
Other income	-		-	-
Total revenues	72,676		238,958	181,300
EXPENDITURES				
Current:				
General government	275,487		-	-
Community development	-		-	-
Finance	-		-	-
Public safety	-		-	-
Capital outlay	1,302,636		-	185,627
Debt service:				
Principal	-		-	-
Interest and fiscal charges	-		-	-
Total expenditures	1,578,123		-	185,627
Excess (deficiency) of revenue over expenditures	(1,505,447)		238,958	(4,327)
OTHER FINANCING SOURCES				
Transfers in	1,244,221		-	-
Transfers out	(1,600,000)		(8,600,000)	(339,282)
Total other financing sources	(355,779)		(8,600,000)	(339,282)
NET CHANGE IN FUND BALANCES	(1,861,226)		(8,361,042)	(343,609)
FUND BALANCES - BEGINNING AS PREVIOUSLY REPORTED	4,545,271	998,139	-	4,180,828
ADJUSTMENTS				
Change to or within the financial reporting entity	-	(998,139)	8,537,700	-
Total adjustments	-	(998,139)	8,537,700	-
FUND BALANCES - BEGINNING AS RESTATED	4,545,271	-	8,537,700	4,180,828
FUND BALANCES - ENDING	\$ 2,684,045	\$ -	\$ 176,658	\$ 3,837,219

Debt Service	Permanent Funds		Nonmajor Governmental Funds
Debt Service Fund	Cemetery Permanent	Cohen Scholarship	
\$ 2,459,336	\$ -	\$ -	\$ 2,926,316
-	-	-	1,024,361
-	-	-	16,523
-	-	-	8,742
-	-	-	50,222
-	-	-	396,369
110,698	85,173	570	853,731
-	-	-	563,054
<u>16,885</u>	<u>32,958</u>	<u>-</u>	<u>103,822</u>
<u>2,586,919</u>	<u>118,131</u>	<u>570</u>	<u>5,943,140</u>
133,266	-	-	715,922
-	-	-	29,670
-	-	-	99
-	-	-	17,660
-	-	-	2,024,459
1,142,335	-	-	1,142,335
<u>618,326</u>	<u>-</u>	<u>-</u>	<u>618,326</u>
<u>1,893,927</u>	<u>-</u>	<u>-</u>	<u>4,666,921</u>
<u>692,992</u>	<u>118,131</u>	<u>570</u>	<u>1,276,219</u>
149,915	-	-	1,394,831
<u>(722,080)</u>	<u>(57,500)</u>	<u>-</u>	<u>(12,132,540)</u>
<u>(572,165)</u>	<u>(57,500)</u>	<u>-</u>	<u>(10,737,709)</u>
120,827	60,631	570	(9,461,490)
<u>2,004,883</u>	<u>1,908,467</u>	<u>12,577</u>	<u>15,509,563</u>
-	-	-	7,539,561
-	-	-	7,539,561
<u>2,004,883</u>	<u>1,908,467</u>	<u>12,577</u>	<u>23,049,124</u>
<u>\$ 2,125,710</u>	<u>\$ 1,969,098</u>	<u>\$ 13,147</u>	<u>\$ 13,587,634</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ASSIGNED PROJECTS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 75,000	\$ 200,000	\$ 220,984	\$ 20,984
Total revenues	<u>75,000</u>	<u>200,000</u>	<u>220,984</u>	<u>20,984</u>
EXPENDITURES				
Current:				
General government	100,000	100,000	-	100,000
Capital outlay	1,494,500	1,494,500	228,177	1,266,323
Additional payments on pension liability	<u>2,255,000</u>	<u>2,255,000</u>	<u>2,255,000</u>	<u>-</u>
Total expenditures	<u>3,849,500</u>	<u>3,849,500</u>	<u>2,483,177</u>	<u>1,366,323</u>
Excess (deficiency) of revenues over (under) expenditures	(3,774,500)	(3,649,500)	(2,262,193)	1,387,307
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	1,950,000	1,971,992	21,992
Transfers out	<u>-</u>	<u>-</u>	<u>(1,171,147)</u>	<u>(1,171,147)</u>
Total other financing sources (uses)	<u>50,000</u>	<u>1,950,000</u>	<u>800,845</u>	<u>(1,149,155)</u>
NET CHANGE IN FUND BALANCE	(3,724,500)	(1,699,500)	(1,461,348)	238,152
FUND BALANCE - BEGINNING	<u>7,193,938</u>	<u>7,193,938</u>	<u>7,193,938</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,469,438</u>	<u>\$ 5,494,438</u>	<u>\$ 5,732,590</u>	<u>\$ 238,152</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 2,443,044	\$ 2,836,178	\$ 2,459,336	\$ (376,842)
Investment income	50,000	75,000	110,698	35,698
Other income	18,000	18,000	16,885	(1,115)
Total revenues	<u>2,511,044</u>	<u>2,929,178</u>	<u>2,586,919</u>	<u>(342,259)</u>
EXPENDITURES				
Current:				
General government	178,219	178,219	133,266	44,953
Debt service				
Principal retirement	2,142,738	2,142,738	1,142,335	1,000,403
Interest and fiscal charges	618,326	618,326	618,326	-
Total expenditures	<u>2,939,283</u>	<u>2,939,283</u>	<u>1,893,927</u>	<u>1,045,356</u>
Excess (deficiency) of revenues over (under) expenditures	(428,239)	(10,105)	692,992	703,097
OTHER FINANCING SOURCES (USES)				
Transfers in	149,915	-	149,915	149,915
Transfers out	(722,080)	(722,080)	(722,080)	-
Total other financing sources (uses)	<u>(572,165)</u>	<u>(722,080)</u>	<u>(572,165)</u>	<u>149,915</u>
NET CHANGE IN FUND BALANCE	(1,000,404)	(732,185)	120,827	853,012
FUND BALANCE - BEGINNING	<u>2,004,883</u>	<u>2,004,883</u>	<u>2,004,883</u>	-
FUND BALANCE - ENDING	<u>\$ 1,004,479</u>	<u>\$ 1,272,698</u>	<u>\$ 2,125,710</u>	<u>\$ 853,012</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL/MOTEL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Other local taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,024,361	\$ 24,361
Investment income	40,000	40,000	30,086	(9,914)
Total revenues	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,054,447</u>	<u>14,447</u>
EXPENDITURES				
Current:				
General government	274,800	286,800	250,230	36,570
Total expenditures	<u>274,800</u>	<u>286,800</u>	<u>250,230</u>	<u>36,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>765,200</u>	<u>753,200</u>	<u>804,217</u>	<u>51,017</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(587,833)	(584,833)	(584,833)	-
Total other financing sources (uses)	<u>(587,833)</u>	<u>(584,833)</u>	<u>(584,833)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>177,367</u>	<u>168,367</u>	<u>219,384</u>	<u>51,017</u>
FUND BALANCE - BEGINNING	<u>624,409</u>	<u>624,409</u>	<u>624,409</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 801,776</u>	<u>\$ 792,776</u>	<u>\$ 843,793</u>	<u>\$ 51,017</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT JUVENILE CASE MANAGER
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines & forfeitures	\$ 10,200	\$ 10,824	\$ 14,951	\$ 4,127
Investment income	-	970	1,354	384
Total revenues	<u>10,200</u>	<u>11,794</u>	<u>16,305</u>	<u>4,511</u>
EXPENDITURES				
Current:				
General government	<u>1,200</u>	<u>1,274</u>	<u>1,148</u>	<u>126</u>
Total expenditures	<u>1,200</u>	<u>1,274</u>	<u>1,148</u>	<u>126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,000</u>	<u>10,520</u>	<u>15,157</u>	<u>4,637</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(4,000)</u>	<u>(2,480)</u>	<u>2,157</u>	<u>4,637</u>
FUND BALANCE - BEGINNING	<u>25,693</u>	<u>25,693</u>	<u>25,693</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 21,693</u>	<u>\$ 23,213</u>	<u>\$ 27,850</u>	<u>\$ 4,637</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT TECHNOLOGY
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines & forfeitures	\$ 10,500	\$ 10,500	\$ 7,174	\$ (3,326)
Investment income	-	142	357	215
Total revenues	<u>10,500</u>	<u>10,642</u>	<u>7,531</u>	<u>(3,111)</u>
EXPENDITURES				
Current:				
Public safety	<u>14,700</u>	<u>14,846</u>	<u>12,010</u>	<u>2,836</u>
Total expenditures	<u>14,700</u>	<u>14,846</u>	<u>12,010</u>	<u>2,836</u>
NET CHANGE IN FUND BALANCE	(4,200)	(4,204)	(4,479)	(275)
FUND BALANCE - BEGINNING	<u>11,891</u>	<u>11,891</u>	<u>11,891</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 7,691</u>	<u>\$ 7,687</u>	<u>\$ 7,412</u>	<u>\$ (275)</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT SECURITY
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines & forfeitures	\$ 10,000	\$ 10,000	\$ 8,747	\$ (1,253)
Investment income	-	774	1,681	907
Total revenues	<u>10,000</u>	<u>10,774</u>	<u>10,428</u>	<u>(346)</u>
EXPENDITURES				
Current:				
Public Safety	750	750	-	750
Capital outlay	<u>2,000</u>	<u>5,385,801</u>	<u>-</u>	<u>5,385,801</u>
Total expenditures	<u>2,750</u>	<u>5,386,551</u>	<u>-</u>	<u>5,386,551</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,250</u>	<u>(5,375,777)</u>	<u>10,428</u>	<u>5,386,205</u>
NET CHANGE IN FUND BALANCE	<u>7,250</u>	<u>(5,375,777)</u>	<u>10,428</u>	<u>5,386,205</u>
FUND BALANCE - BEGINNING	<u>33,148</u>	<u>33,148</u>	<u>33,148</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 40,398</u>	<u>\$ (5,342,629)</u>	<u>\$ 43,576</u>	<u>\$ 5,386,205</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
LAW ENFORCEMENT OFFICER EDUCATION
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 18	\$ 25	\$ 138	\$ 113
Other income	2,600	6,704	6,704	-
Total revenues	<u>2,618</u>	<u>6,729</u>	<u>6,842</u>	<u>113</u>
EXPENDITURES				
Current:				
Public safety	-	1,705	4,530	(2,825)
Total expenditures	-	1,705	4,530	(2,825)
Excess (deficiency) of revenues over (under) expenditures	<u>2,618</u>	<u>5,024</u>	<u>2,312</u>	<u>(2,712)</u>
NET CHANGE IN FUND BALANCE	<u>2,618</u>	<u>5,024</u>	<u>2,312</u>	<u>(2,712)</u>
FUND BALANCE - BEGINNING	<u>202</u>	<u>202</u>	<u>202</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,820</u>	<u>\$ 5,226</u>	<u>\$ 2,514</u>	<u>\$ (2,712)</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STATE SEIZURE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 1,500	\$ 2,400	\$ 2,816	\$ 416
Other income	-	1,400	1,400	-
Total revenues	<u>1,500</u>	<u>3,800</u>	<u>4,216</u>	<u>416</u>
EXPENDITURES				
Current:				
Public safety	38,056	16,900	1,120	15,780
Capital outlay	8,590	17,611	24,783	(7,172)
Total expenditures	<u>46,646</u>	<u>34,511</u>	<u>25,903</u>	<u>8,608</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(645)	-	645
Total other financing sources (uses)	<u>-</u>	<u>(645)</u>	<u>-</u>	<u>645</u>
NET CHANGE IN FUND BALANCE	<u>(45,146)</u>	<u>(30,711)</u>	<u>(21,042)</u>	<u>9,669</u>
FUND BALANCE - BEGINNING	<u>70,696</u>	<u>70,696</u>	<u>70,696</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 25,550</u>	<u>\$ 39,985</u>	<u>\$ 49,654</u>	<u>\$ 9,669</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CITY ATHLETIC FIELDS
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ 5,691	\$ (4,309)
Investment income	800	1,500	1,781	281
Total revenues	<u>10,800</u>	<u>11,500</u>	<u>7,472</u>	<u>(4,028)</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>10,800</u>	<u>11,500</u>	<u>7,472</u>	<u>(4,028)</u>
FUND BALANCE - BEGINNING	<u>57,054</u>	<u>57,054</u>	<u>57,054</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 67,854</u>	<u>\$ 68,554</u>	<u>\$ 64,526</u>	<u>\$ (4,028)</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CABLE PEG FEE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Licenses & permits	\$ 7,500	\$ 7,500	\$ 8,742	\$ 1,242
Investment income	8,000	8,000	9,396	1,396
Total revenues	<u>15,500</u>	<u>15,500</u>	<u>18,138</u>	<u>2,638</u>
EXPENDITURES				
Current:				
General government	15,000	15,000	16,026	(1,026)
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>16,026</u>	<u>(1,026)</u>
NET CHANGE IN FUND BALANCE	<u>500</u>	<u>500</u>	<u>2,112</u>	<u>1,612</u>
FUND BALANCE - BEGINNING	<u>231,537</u>	<u>231,537</u>	<u>231,537</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 232,037</u>	<u>\$ 232,037</u>	<u>\$ 233,649</u>	<u>\$ 1,612</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CEMETERY PERMANENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 60,000	\$ 75,000	\$ 85,173	\$ 10,173
Other income	35,000	35,000	32,958	(2,042)
Total revenues	<u>95,000</u>	<u>110,000</u>	<u>118,131</u>	<u>8,131</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(57,500)</u>	<u>(57,500)</u>	<u>(57,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(57,500)</u>	<u>(57,500)</u>	<u>(57,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>37,500</u>	<u>52,500</u>	<u>60,631</u>	<u>8,131</u>
FUND BALANCE - BEGINNING	<u>1,908,467</u>	<u>1,908,467</u>	<u>1,908,467</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,945,967</u>	<u>\$ 1,960,967</u>	<u>\$ 1,969,098</u>	<u>\$ 8,131</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COHEN SCHOLARSHIP PERMANENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 500	\$ 500	\$ 570	\$ 70
Total revenues	<u>500</u>	<u>500</u>	<u>570</u>	<u>70</u>
EXPENDITURES				
Current:				
General government	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>570</u>	<u>570</u>
FUND BALANCE - BEGINNING	<u>12,577</u>	<u>12,577</u>	<u>12,577</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 12,577</u>	<u>\$ 12,577</u>	<u>\$ 13,147</u>	<u>\$ 570</u>

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STATISTICAL SECTION

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**STATISTICAL SECTION
(UNAUDITED)**

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	92
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources. Property taxes are the City's largest source of revenue whose trends are laid out in Tables 5 through 8. Other tax revenues are compared in Table 9 through Table 12. Another large revenue source derives from utility services, including water, sewer, and solid waste charges. Their underlying rates and operating trends are reported between Tables 13 through 16.	102
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	118
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	130

Sources – Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

CITY OF GAINESVILLE, TEXAS

NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

For the years ending September 30,	2016	2017	2018	2019
Governmental activities:				
Net investment in capital assets	\$ 4,216,159	\$ 8,390,227	\$ 9,603,733	\$ 19,333,132
Restricted	12,206,817	8,844,766	7,055,924	6,433,394
Assigned	-	-	-	-
Unrestricted	<u>9,612,542</u>	<u>11,266,409</u>	<u>13,784,265</u>	<u>5,636,734</u>
Total governmental activities net position	<u>\$ 26,035,518</u>	<u>\$ 28,501,402</u>	<u>\$ 30,443,922</u>	<u>\$ 31,403,260</u>
Business-type activities:				
Net investment in capital assets	\$ 18,033,774	\$ 19,595,322	\$ 23,219,516	\$ 25,343,688
Restricted	-	-	-	-
Unrestricted	<u>5,687,456</u>	<u>6,155,259</u>	<u>5,224,201</u>	<u>5,743,289</u>
Total business-type activities net position	<u>\$ 23,721,230</u>	<u>\$ 25,750,581</u>	<u>\$ 28,443,717</u>	<u>\$ 31,086,977</u>
Primary government:				
Net investment in capital assets	\$ 22,249,933	\$ 27,985,549	\$ 32,823,249	\$ 44,676,820
Restricted	12,206,817	8,844,766	7,055,924	6,433,394
Assigned	-	-	-	-
Unrestricted	<u>15,299,998</u>	<u>17,421,668</u>	<u>19,008,466</u>	<u>11,380,023</u>
Total primary government net position	<u>\$ 49,756,748</u>	<u>\$ 54,251,983</u>	<u>\$ 58,887,639</u>	<u>\$ 62,490,237</u>

TABLE 1

	2020	2021	2022	2023	2024	2025
\$	20,790,472	\$ 21,542,140	\$ 21,516,926	\$ 32,222,234	\$ 34,745,979	\$ 33,656,033
	7,638,788	7,256,380	12,717,546	5,475,012	5,108,036	6,687,899
	-	-	-	-	-	-
	<u>6,120,595</u>	<u>11,445,066</u>	<u>9,348,803</u>	<u>18,838,064</u>	<u>20,976,660</u>	<u>17,120,845</u>
\$	<u>34,549,855</u>	<u>40,243,586</u>	<u>43,583,275</u>	<u>56,535,310</u>	<u>60,830,675</u>	<u>57,464,777</u>
\$	26,970,707	\$ 28,795,012	\$ 33,754,078	\$ 29,492,448	\$ 34,236,318	\$ 48,645,415
	-	-	-	-	-	259,629
	<u>6,761,831</u>	<u>6,980,143</u>	<u>8,084,976</u>	<u>10,889,489</u>	<u>14,573,883</u>	<u>19,678,562</u>
\$	<u>33,732,538</u>	<u>35,775,155</u>	<u>41,839,054</u>	<u>40,381,937</u>	<u>48,810,201</u>	<u>68,583,606</u>
\$	47,761,179	\$ 50,337,152	\$ 55,271,004	\$ 61,714,682	\$ 68,982,297	\$ 82,301,448
	7,638,788	7,256,380	12,717,546	5,475,012	5,108,036	6,947,528
	-	-	-	-	-	-
	<u>12,882,426</u>	<u>18,425,209</u>	<u>17,433,779</u>	<u>29,727,553</u>	<u>35,550,543</u>	<u>36,799,407</u>
\$	<u>68,282,393</u>	<u>76,018,741</u>	<u>85,422,329</u>	<u>96,917,247</u>	<u>109,640,876</u>	<u>126,048,383</u>

CITY OF GAINESVILLE, TEXAS

CHANGE IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

<u>For the years ending September 30,</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses				
Governmental activities:				
General government	\$ 2,057,544	\$ 2,007,940	\$ 2,034,864	\$ 3,550,161
Community development	460,691	501,330	564,677	606,461
Finance	453,957	457,878	473,764	570,144
Public safety	9,014,024	9,075,713	9,333,202	10,855,628
General/public Services	4,216,838	4,256,146	4,286,595	4,604,822
Additional payments on pension liability	-	-	-	-
Bond issuance cost	-	-	60,538	-
Interest on long-term debt	672,462	564,734	537,896	560,955
Total governmental activities expenses	<u>16,875,516</u>	<u>16,863,741</u>	<u>17,291,536</u>	<u>20,748,171</u>
Business-type activities:				
Water and Sewer	5,928,017	5,940,976	6,072,866	6,302,691
Municipal airport	1,187,416	1,250,031	1,446,481	1,454,466
Golf course	351,975	298,029	320,271	389,876
Stormwater	401,177	595,174	547,183	695,052
Solid waste	2,684,735	2,773,845	2,814,258	3,150,716
Total business-type activities expenses	<u>10,553,320</u>	<u>10,858,055</u>	<u>11,201,059</u>	<u>11,992,801</u>
Total primary government expenses	<u>27,428,836</u>	<u>27,721,796</u>	<u>28,492,595</u>	<u>32,740,972</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	28,075	27,688	12,979	25,719
Community development	272,729	837,926	948,033	837,068
Public safety	578,735	514,831	649,699	682,857
General/public services	1,059,423	663,665	680,291	636,234
Operating grants and contributions	325,203	91,970	398,314	79,290
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>2,264,165</u>	<u>2,136,080</u>	<u>2,689,316</u>	<u>2,261,168</u>
Business-type activities:				
Charges for services:				
Water and sewer	8,111,187	7,803,109	8,527,147	8,227,772
Municipal airport	1,007,774	995,814	1,206,758	1,233,917
Golf course	140,044	176,643	211,126	159,047
Stormwater	990,405	936,628	922,233	917,858
Solid waste	4,069,815	4,093,404	4,616,172	4,620,566
Operating grants and contributions	117,941	34,722	21,448	28,941
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>14,437,166</u>	<u>14,040,320</u>	<u>15,504,884</u>	<u>15,188,101</u>
Total primary government program revenues	<u>16,701,331</u>	<u>16,176,400</u>	<u>18,194,200</u>	<u>17,449,269</u>
Net (expense) revenue:				
Governmental activities	(14,611,351)	(14,727,661)	(14,602,220)	(18,487,003)
Business-type activities	3,883,846	3,182,265	4,303,825	3,195,300
Total primary government net expenses	<u>(10,727,505)</u>	<u>(11,545,396)</u>	<u>(10,298,395)</u>	<u>(15,291,703)</u>

TABLE 2

	2020	2021	2022	2023	2024	2025
\$	2,191,967	\$ 2,673,307	\$ 2,646,847	\$ 2,676,396	\$ 3,107,576	\$ 2,818,662
	518,099	482,703	451,724	532,066	1,182,840	842,949
	537,711	573,688	542,531	684,628	753,606	587,765
	10,475,290	10,248,969	10,501,942	10,928,475	15,135,143	11,653,711
	4,323,539	4,565,049	4,561,107	4,933,701	5,498,314	5,256,872
	-	-	500,000	850,000	250,000	2,255,000
	-	-	122,002	-	-	-
	408,132	331,511	325,791	531,333	416,323	517,866
	<u>18,454,738</u>	<u>18,875,227</u>	<u>19,651,944</u>	<u>21,136,599</u>	<u>26,343,802</u>	<u>23,932,825</u>
	6,271,635	6,388,540	6,096,339	6,608,529	6,973,184	7,830,117
	1,318,696	1,566,473	1,773,743	1,646,827	1,943,174	1,693,758
	340,433	351,561	363,866	426,282	471,526	438,460
	782,941	725,619	748,161	696,763	681,682	672,012
	<u>3,187,700</u>	<u>3,242,207</u>	<u>3,561,529</u>	<u>4,340,289</u>	<u>5,138,986</u>	<u>5,480,578</u>
	<u>11,901,405</u>	<u>12,274,400</u>	<u>12,543,638</u>	<u>13,718,690</u>	<u>15,208,552</u>	<u>16,114,925</u>
	<u>30,356,143</u>	<u>31,149,627</u>	<u>32,195,582</u>	<u>34,855,289</u>	<u>41,552,354</u>	<u>40,047,750</u>
	23,534	21,472	14,318	12,559	14,782	8,742
	752,412	677,009	519,193	532,375	597,120	1,286,917
	400,149	333,185	430,403	621,850	636,405	741,284
	542,778	1,121,765	1,168,066	1,256,491	1,315,587	1,246,669
	951,549	2,144,255	2,129,568	868,803	2,127,979	568,574
	-	-	-	-	1,769,682	502,014
	<u>2,670,422</u>	<u>4,297,686</u>	<u>4,261,548</u>	<u>3,292,078</u>	<u>6,461,555</u>	<u>4,354,200</u>
	8,286,736	8,642,191	9,141,988	9,562,464	10,530,738	11,027,003
	1,163,360	1,280,300	1,719,344	1,590,029	1,720,604	1,807,710
	186,486	195,734	275,014	363,492	400,356	534,319
	959,519	964,600	965,199	957,875	1,019,678	977,732
	4,579,108	4,900,934	5,230,254	5,643,195	6,548,866	7,023,186
	127,726	100,663	54,452	119,393	2,588	248,965
	-	-	-	2,924,059	2,409,541	4,759,396
	<u>15,302,935</u>	<u>16,084,422</u>	<u>17,386,251</u>	<u>21,160,507</u>	<u>22,632,371</u>	<u>26,378,311</u>
	<u>17,973,357</u>	<u>20,382,108</u>	<u>21,647,799</u>	<u>24,452,585</u>	<u>29,093,926</u>	<u>30,732,511</u>
	(15,784,316)	(14,577,541)	(15,390,396)	(17,844,521)	(19,882,247)	(19,578,625)
	<u>3,401,530</u>	<u>3,810,022</u>	<u>4,842,613</u>	<u>7,441,817</u>	<u>7,423,819</u>	<u>10,263,386</u>
	<u>(12,382,786)</u>	<u>(10,767,519)</u>	<u>(10,547,783)</u>	<u>(10,402,704)</u>	<u>(12,458,428)</u>	<u>(9,315,239)</u>

CITY OF GAINESVILLE, TEXAS

CHANGE IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

<u>For the years ending September 30,</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem	\$ 6,742,089	\$ 7,003,766	\$ 7,436,261	\$ 8,163,897
Sales	5,404,024	5,403,311	4,958,203	7,176,658
Other	1,940,453	1,896,032	1,992,681	2,030,139
Investment earnings	79,942	179,997	409,811	607,236
Miscellaneous	966,743	387,875	61,116	486,194
Transfers in (out)	<u>2,511,059</u>	<u>2,322,564</u>	<u>2,141,203</u>	<u>982,217</u>
Total governmental activities	<u>17,644,310</u>	<u>17,193,545</u>	<u>16,999,275</u>	<u>19,446,341</u>
Business-type activities:				
Investment earnings	52,415	92,919	165,413	252,792
Miscellaneous	50,217	1,076,731	470,115	177,385
Transfers in (out)	<u>(2,511,059)</u>	<u>(2,322,564)</u>	<u>(2,141,203)</u>	<u>(982,217)</u>
Total business-type activities	<u>(2,408,427)</u>	<u>(1,152,914)</u>	<u>(1,505,675)</u>	<u>(552,040)</u>
Total primary government	<u>15,235,883</u>	<u>16,040,631</u>	<u>15,493,600</u>	<u>18,894,301</u>
Change in Net Position				
Governmental activities	3,032,959	2,465,884	2,397,055	959,338
Business-type activities	<u>1,475,419</u>	<u>2,029,351</u>	<u>2,798,150</u>	<u>2,643,260</u>
Total primary government	<u>\$ 4,508,378</u>	<u>\$ 4,495,235</u>	<u>\$ 5,195,205</u>	<u>\$ 3,602,598</u>

TABLE 2

	2020	2021	2022	2023	2024	2025
\$	8,414,308	\$ 8,707,453	\$ 9,041,592	\$ 9,602,325	\$ 9,963,691	\$ 10,662,120
	6,437,327	6,037,291	6,680,051	8,542,948	8,002,467	8,158,948
	1,908,432	2,175,344	2,378,300	2,534,953	2,630,729	2,414,526
	208,834	14,452	229,576	1,899,212	1,968,444	1,738,059
	323,442	1,349,799	1,283,623	1,706,963	1,420,543	684,581
	<u>1,635,101</u>	<u>1,986,932</u>	<u>(883,057)</u>	<u>10,519,844</u>	<u>467,588</u>	<u>(6,447,368)</u>
	<u>18,927,444</u>	<u>20,271,271</u>	<u>18,730,085</u>	<u>34,806,245</u>	<u>24,453,462</u>	<u>17,210,866</u>
	100,582	8,872	87,174	524,249	673,954	714,580
	778,550	210,655	251,055	1,096,661	798,079	1,349,932
	<u>(1,635,101)</u>	<u>(1,986,932)</u>	<u>883,057</u>	<u>(10,519,844)</u>	<u>(467,588)</u>	<u>6,447,368</u>
	<u>(755,969)</u>	<u>(1,767,405)</u>	<u>1,221,286</u>	<u>(8,898,934)</u>	<u>1,004,445</u>	<u>8,511,880</u>
	<u>18,171,475</u>	<u>18,503,866</u>	<u>19,951,371</u>	<u>25,907,311</u>	<u>25,457,907</u>	<u>25,722,746</u>
	3,143,128	5,693,730	3,339,689	16,961,724	4,571,215	(2,367,759)
	<u>2,645,561</u>	<u>2,042,617</u>	<u>6,063,899</u>	<u>(1,457,117)</u>	<u>8,428,264</u>	<u>18,775,266</u>
\$	<u>5,788,689</u>	<u>\$ 7,736,347</u>	<u>\$ 9,403,588</u>	<u>\$ 15,504,607</u>	<u>\$ 12,999,479</u>	<u>\$ 16,407,507</u>

CITY OF GAINESVILLE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

<u>For the years ending September 30,</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund				
Nonspendable	\$ 6,597	\$ 7,944	\$ 8,532	\$ 12,702
Unassigned	<u>7,397,240</u>	<u>8,892,045</u>	<u>8,916,457</u>	<u>9,000,705</u>
Total General Fund	<u>\$ 7,403,837</u>	<u>\$ 8,899,989</u>	<u>\$ 8,924,989</u>	<u>\$ 9,013,407</u>
All Other Governmental Funds				
Nonspendable	\$ 1,467,761	\$ 1,511,950	\$ 1,566,844	\$ 1,630,284
Restricted	10,739,056	7,332,816	5,489,080	2,788,917
Assigned	6,787,488	6,793,616	9,929,496	9,040,941
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,846</u>
Total All Other Governmental Funds	<u>\$ 18,994,305</u>	<u>\$ 15,638,382</u>	<u>\$ 16,985,420</u>	<u>\$ 13,482,988</u>

Source: Balance Sheets - Governmental Funds in City's ACFRs.

TABLE 3

2020	2021	2022	2023	2024	2025
\$ 5,245	\$ 6,718	\$ 254	\$ 297	\$ 2,806	\$ 2,554
<u>9,047,756</u>	<u>9,180,278</u>	<u>9,291,672</u>	<u>8,961,794</u>	<u>10,823,830</u>	<u>12,656,124</u>
<u>\$ 9,053,001</u>	<u>\$ 9,186,996</u>	<u>\$ 9,291,926</u>	<u>\$ 8,962,091</u>	<u>\$ 10,826,636</u>	<u>\$ 12,658,678</u>
\$ 1,645,150	\$ 1,685,620	\$ 1,685,620	\$ 1,813,625	\$ 1,908,467	\$ 1,969,098
5,993,638	5,570,760	11,001,498	19,141,889	14,333,165	8,824,360
7,688,026	11,089,745	12,662,344	12,723,016	17,581,781	8,597,820
-	-	-	793,324	(107,985)	(71,054)
<u>\$ 15,326,814</u>	<u>\$ 18,346,125</u>	<u>\$ 25,349,462</u>	<u>\$ 34,471,854</u>	<u>\$ 33,715,428</u>	<u>\$ 19,320,224</u>

CITY OF GAINESVILLE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

For the years ending September 30,	2016	2017	2018	2019
Revenues				
Ad valorem taxes	\$ 6,694,561	\$ 7,017,525	\$ 7,420,034	\$ 8,163,897
Sales taxes	5,404,024	5,403,311	4,958,203	7,176,658
Other local taxes/fees	1,940,453	1,896,032	1,992,681	2,030,139
Charges for services	1,059,423	1,077,957	1,096,726	1,050,566
License & Permits	300,804	451,322	544,577	448,455
Fines and forfeitures	530,929	411,158	517,495	589,622
Impact fees	-	-	-	-
Investment income	65,078	179,997	409,808	607,236
Intergovernmental revenues	325,203	91,970	398,314	79,290
Other income	981,607	462,327	434,285	486,194
Total Revenues	17,302,082	16,991,599	17,772,123	20,632,057
Expenditures				
General government	1,838,049	1,818,903	1,816,368	1,946,717
Community development	442,832	492,433	559,483	571,592
Finance	443,431	455,004	479,609	534,994
Public safety	8,305,934	8,428,432	8,541,870	9,594,939
Public works	3,440,987	3,407,905	3,418,158	3,561,007
Non-departmental	-	-	-	808
Additional payments on pension liability	-	-	-	-
Capital outlay	2,914,482	4,467,059	5,930,485	8,070,672
Debt service:				
Principal	1,355,894	1,379,709	1,523,891	1,341,853
Interest and fiscal charges	531,118	724,489	518,138	606,292
Bond issue costs and fees	-	-	43,791	-
Total Expenditures	19,272,727	21,173,934	22,831,793	26,228,874
Excess of revenues over (under) expenditures	(1,970,645)	(4,182,335)	(5,059,670)	(5,596,817)
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	-	-	-	-
Issuance of bonds	7,715,806	-	6,068,745	634,383
Payment to refunding escrow agent	(3,210,454)	-	(1,778,240)	-
Premium (discount) on bonds	519,819	-	-	-
Transfers in	8,959,511	3,611,435	8,375,453	6,749,013
Transfers out	(6,448,452)	(1,288,871)	(6,234,250)	(5,187,714)
Net other financing sources (uses)	7,536,230	2,322,564	6,431,708	2,195,682
Net change in fund balances	\$ 5,565,585	\$ (1,859,771)	\$ 1,372,038	\$ (3,401,135)
Debt service as a percentage of noncapital expenditures	11.54%	12.59%	12.08%	10.73%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

TABLE 4

	2020	2021	2022	2023	2024	2025
\$	8,423,937	\$ 8,706,485	\$ 9,042,167	\$ 9,549,141	\$ 9,945,442	\$ 10,760,867
	6,437,327	6,037,291	6,680,051	8,542,948	8,002,467	8,158,948
	1,908,432	2,175,344	2,378,300	2,534,953	2,630,729	2,414,526
	815,073	1,232,603	1,214,497	1,256,491	1,315,587	1,257,501
	503,651	587,642	487,081	544,934	611,902	1,295,659
	348,094	357,047	430,528	490,232	417,685	576,920
	-	-	-	-	-	396,369
	208,834	14,452	229,576	1,899,212	2,586,604	1,837,912
	951,549	2,144,255	2,129,568	868,803	2,127,979	568,574
	326,908	1,342,341	1,439,700	1,706,963	1,375,515	648,226
	<u>19,923,805</u>	<u>22,597,460</u>	<u>24,031,468</u>	<u>27,393,677</u>	<u>29,013,910</u>	<u>27,915,502</u>
	1,966,248	2,818,493	2,240,105	2,729,039	2,670,397	2,931,966
	501,866	489,006	472,629	557,351	1,085,457	941,107
	521,355	586,365	584,037	729,005	667,793	661,385
	9,537,007	9,902,138	10,581,597	11,028,823	12,290,702	12,639,463
	3,307,585	3,572,857	4,075,854	3,988,721	4,211,149	4,524,734
	-	1,002	-	-	-	-
	-	-	1,537,000	850,000	250,000	2,255,000
	1,967,291	2,338,967	2,429,256	3,458,890	8,532,360	7,355,196
	1,452,313	1,374,711	1,406,461	1,185,078	1,201,510	1,142,335
	399,324	347,547	307,777	614,352	464,020	618,326
	24,954	-	122,002	444	90,347	-
	<u>19,677,943</u>	<u>21,431,086</u>	<u>23,756,718</u>	<u>25,141,703</u>	<u>31,463,735</u>	<u>33,069,512</u>
	245,862	1,166,374	274,750	2,251,974	(2,449,825)	(5,154,010)
	-	-	-	-	45,028	36,355
	1,338,750	-	7,180,000	-	3,057,867	-
	(1,336,293)	-	-	-	-	-
	-	-	567,002	-	263,311	-
	8,127,624	5,971,341	7,537,551	21,240,012	11,517,421	8,852,080
	<u>(6,492,523)</u>	<u>(3,984,409)</u>	<u>(8,420,608)</u>	<u>(10,720,168)</u>	<u>(11,049,833)</u>	<u>(15,299,448)</u>
	<u>1,637,558</u>	<u>1,986,932</u>	<u>6,863,945</u>	<u>10,519,844</u>	<u>3,833,794</u>	<u>(6,411,013)</u>
\$	<u>1,883,420</u>	<u>\$ 3,153,306</u>	<u>\$ 7,138,695</u>	<u>\$ 12,771,818</u>	<u>\$ 1,383,969</u>	<u>\$ (11,565,023)</u>
	<u>10.45%</u>	<u>9.02%</u>	<u>8.04%</u>	<u>8.29%</u>	<u>7.96%</u>	<u>6.96%</u>

CITY OF GAINESVILLE, TEXAS

Assessed and Estimated Actual Value of Property (1)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property		Personal Property		Exemptions (2)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2016	\$ 805,382,183	\$ 805,382,183	\$ 451,099,647	\$ 451,099,647	\$ 396,045,788
2017	837,693,898	805,382,183	543,466,902	451,099,647	458,456,234
2018	853,116,994	853,116,994	510,737,407	510,737,407	423,081,080
2019	939,547,849	939,547,849	575,320,726	575,320,726	479,512,895
2020	1,080,438,626	1,080,438,626	446,336,220	446,336,220	418,621,033
2021	1,184,242,814	1,184,242,814	403,662,015	403,662,015	452,926,761
2022	1,290,821,574	1,290,821,574	403,099,575	403,099,575	476,116,144
2023	1,671,138,205	1,671,138,205	388,925,105	388,925,105	667,056,305
2024	1,595,482,583	1,595,482,583	464,580,727	464,580,727	715,176,434
2025	2,006,318,339	2,006,318,339	549,550,539	549,550,539	742,320,964

(1) Source - Cooke County Appraisal District and Tax Assessor/Collector.

(2) Productivity loss, Homestead Cap., Exemptions, Frozen Values, and Transfer Adjustment.

**Property Tax Assessed Value
Ten Year History**

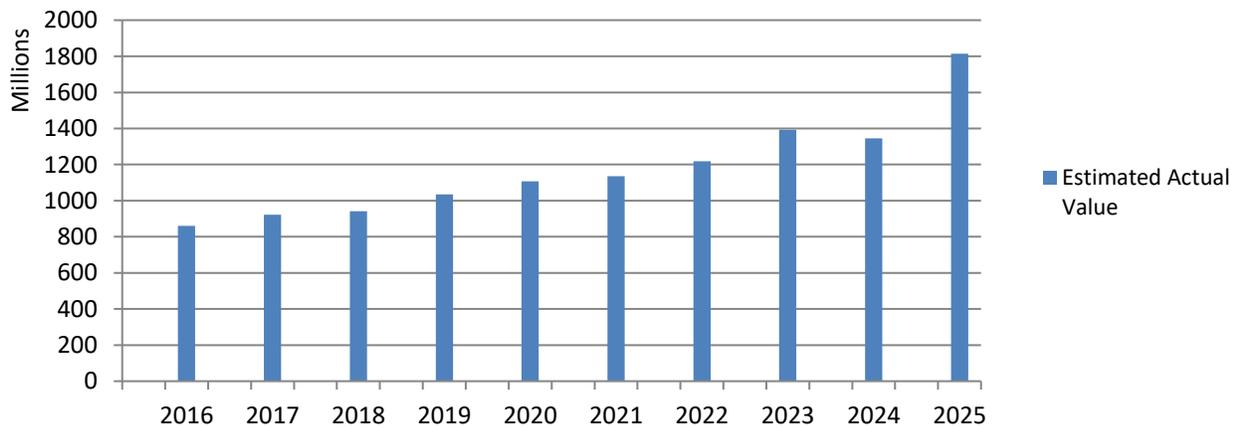


TABLE 5

Total		Total Direct Tax Rate	Ratio of Total Assessed Value To Total Estimated Actual Value
Assessed Value	Estimated Actual Value		
\$ 860,436,042	\$ 860,436,042	0.697822	100.0%
922,704,566	922,704,566	0.705030	100.0%
940,773,321	940,773,321	0.722540	100.0%
1,035,355,680	1,035,355,680	0.722540	100.0%
1,108,153,813	1,108,153,813	0.696290	100.0%
1,134,978,068	1,134,978,068	0.687500	100.0%
1,217,805,005	1,217,805,005	0.672100	100.0%
1,393,007,005	1,393,007,005	0.623900	100.0%
1,344,886,876	1,344,886,876	0.623900	100.0%
1,813,547,914	1,813,547,914	0.535700	100.0%

CITY OF GAINESVILLE, TEXAS

Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of Gainesville			Cooke County		
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total County Rate
2016	0.43290	0.27213	0.70503	0.36520	0.01950	0.38470
2017	0.43290	0.27213	0.70503	0.36580	0.01890	0.38470
2018	0.46770	0.25480	0.72250	0.47520	0.01860	0.49380
2019	0.47930	0.21700	0.69630	0.41600	0.01800	0.43400
2020	0.47930	0.21700	0.69630	0.40530	0.01720	0.42250
2021	0.49740	0.17470	0.67210	0.28790	0.12500	0.41290
2022	0.49740	0.17470	0.67210	0.39620	0.01680	0.41300
2023	0.42970	0.14630	0.57600	0.19540	0.00380	0.19920
2024	0.42970	0.14630	0.57600	0.32050	0.00380	0.32430
2025	0.40070	0.13500	0.53570	0.31550	0.00000	0.31550

(1) Rates expressed in amounts per \$100. Source Cooke County Appraisal District

(2) Includes North Central Texas College, Gainesville Hospital District, and Lindsay School District.

TABLE 6

Gainesville School District			Other (2)			Total
Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total Other Rate	
1.04000	0.24000	1.28000	1.16660	0.14330	0.00000	2.36973
1.17000	0.11000	1.28000	1.09270	0.12175	0.00000	2.36973
1.17000	0.11000	1.28000	1.17390	0.12610	0.00000	2.49630
1.06800	0.08000	1.14800	1.08600	0.13600	0.00000	2.27830
1.02160	0.08000	1.10160	1.03920	0.02500	1.06420	3.28460
1.02100	0.04100	1.06200	1.00470	0.12730	1.13200	3.27900
0.98200	0.08000	1.06200	1.04820	0.11550	1.16370	3.31080
0.75960	0.11400	0.87360	0.82380	0.36220	1.18600	2.83480
0.75960	0.11400	0.87360	0.82380	0.36220	1.18600	2.95990
0.75520	0.10300	0.85820	0.76600	0.36080	1.12680	2.83620

CITY OF GAINESVILLE, TEXAS

TABLE 7

Principal Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2025			2016		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weber Aircraft	\$ 27,855,898	1	1.39%	\$ 117,226,817	2	13.99%
Building Materials Corp of America #418799	25,740,414	2	1.28%	\$ 39,317,503	5	4.69%
Dura-Line LLC	18,521,373	3	0.92%			
Wal-Mart #185	17,449,400	4	0.87%	17,034,455	10	2.03%
Trident Process Systems	16,503,731	5	0.82%			
Atmos Energy	16,017,841	6	0.80%			
Oncor Electric	14,390,200	7	0.72%	33,240,840	6	3.97%
PPG Industries	13,246,624	8	0.66%			
SI Gainesville QOZB #2 LLC	13,200,010	9	0.66%			
Building Materials Corp of America #323616	11,216,780	10	0.56%			
Well Service Division				176,226,817	1	21.04%
BNSF				22,911,898	9	2.74%
Wolf Ridge Wind LLC				71,243,070	3	8.50%
Pump Co Energy Services, LP				47,121,750	4	5.63%
EOG Resources				33,040,983	7	3.94%
Basic Energy Sources				25,308,061	8	3.02%
Total Assessed Valuation	\$2,006,318,339		8.68%	\$ 837,693,898		69.56%

Source: Cooke County Appraisal District

CITY OF GAINESVILLE, TEXAS

TABLE 8

Property Tax Levies and Collections (1)
Last Ten Fiscal Years
(Unaudited)

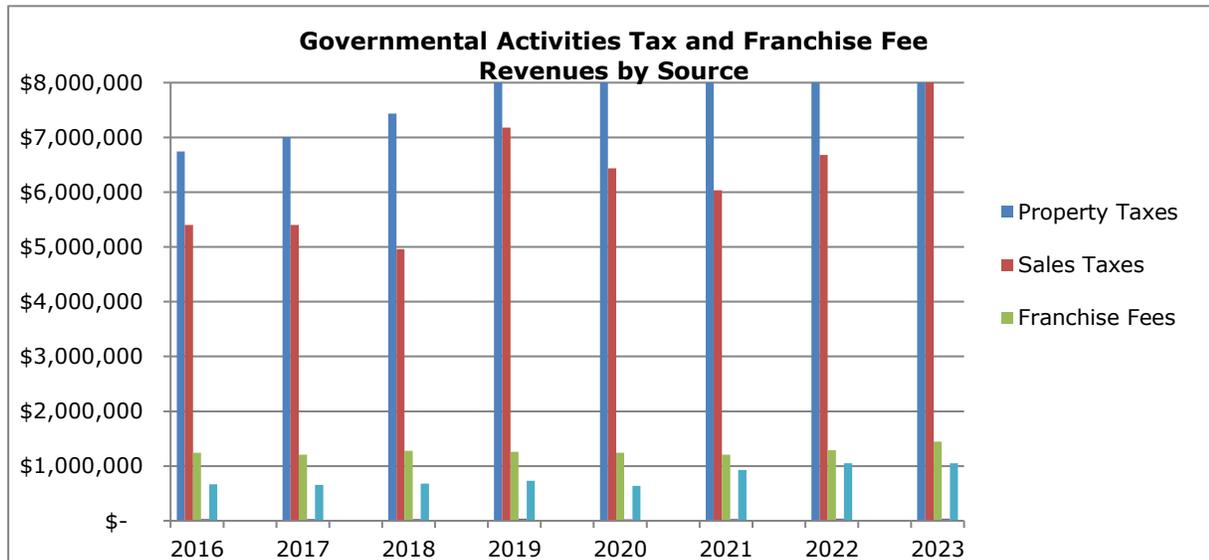
Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percent of Levy		Total Amount Collected	Percent of Levy
2016	\$ 6,646,443	\$ 6,579,772	99.0%	\$ 39,155	\$ 6,618,927	99.6%
2017	7,115,523	7,002,592	98.4%	106,585	7,109,177	99.9%
2018	7,406,189	7,326,583	98.9%	71,280	7,397,863	99.9%
2019	8,162,217	6,380,040	78.2%	1,773,526	8,153,566	99.9%
2020	8,416,769	8,270,669	98.3%	133,639	8,404,308	99.9%
2021	8,561,520	8,534,116	99.7%	13,096	8,547,212	99.8%
2022	8,974,262	8,854,186	98.7%	102,809	8,956,995	99.8%
2023	9,525,975	9,348,967	98.1%	156,213	9,505,180	99.8%
2024	9,873,067	9,700,636	98.3%	91,868	9,792,504	99.2%
2025	10,281,248	10,081,562	98.1%	-	10,081,562	98.1%

Source - Cooke County Appraisal District and Tax Assessor/Collector

Governmental Activities Tax and Franchise Fee Revenues by Source
Last Ten Fiscal Years
(Unaudited)

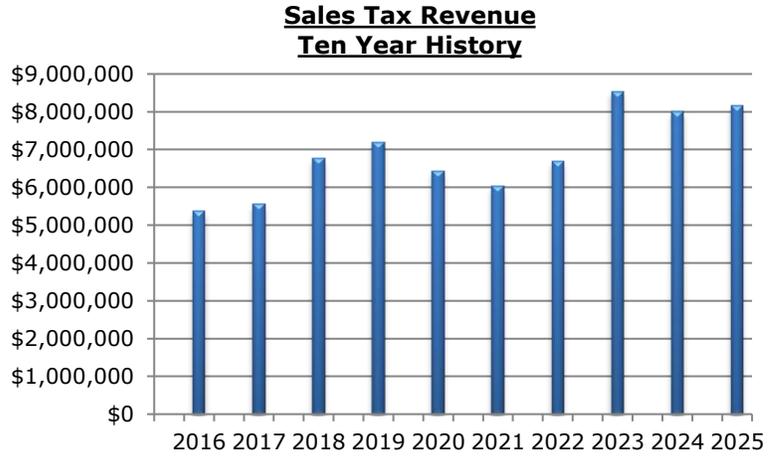
Fiscal Year	Property Taxes	Sales Taxes	Franchise Fees	Alcoholic Beverage Taxes	Occupancy Tax	Total
2016	\$ 6,742,089	\$ 5,404,024	\$ 1,240,790	\$ 34,207	\$ 665,456	\$ 14,086,566
2017	7,003,766	5,403,311	1,206,315	34,565	655,152	14,303,109
2018	7,436,261	4,958,203	1,279,335	36,271	677,075	14,387,145
2019	8,163,897	7,176,658	1,261,622	38,675	729,842	17,370,694
2020	8,414,308	6,437,327	1,239,937	28,073	640,422	16,760,067
2021	8,707,453	6,037,291	1,209,805	36,267	929,272	16,920,088
2022	9,041,592	6,680,051	1,290,972	37,070	1,050,258	18,099,943
2023	9,602,325	8,542,948	1,443,328	41,846	1,049,779	20,680,226
2024	9,945,442	8,002,467	1,537,028	41,606	1,052,095	20,578,638
2025	10,662,120	8,158,948	1,341,513	48,652	1,024,361	21,235,594

Statement of Rev and Exp and changes in Fund Balances



Sales Tax Revenue
Last Ten Years
(Unaudited)

Fiscal Year	Sales Tax Revenue
2016	\$ 5,370,418
2017	5,558,686
2018	6,762,505
2019	7,176,658
2020	6,437,327
2021	6,037,291
2022	6,680,051
2023	8,542,948
2024	8,002,467
2025	8,158,948



CITY OF GAINESVILLE, TEXAS

TABLE 11

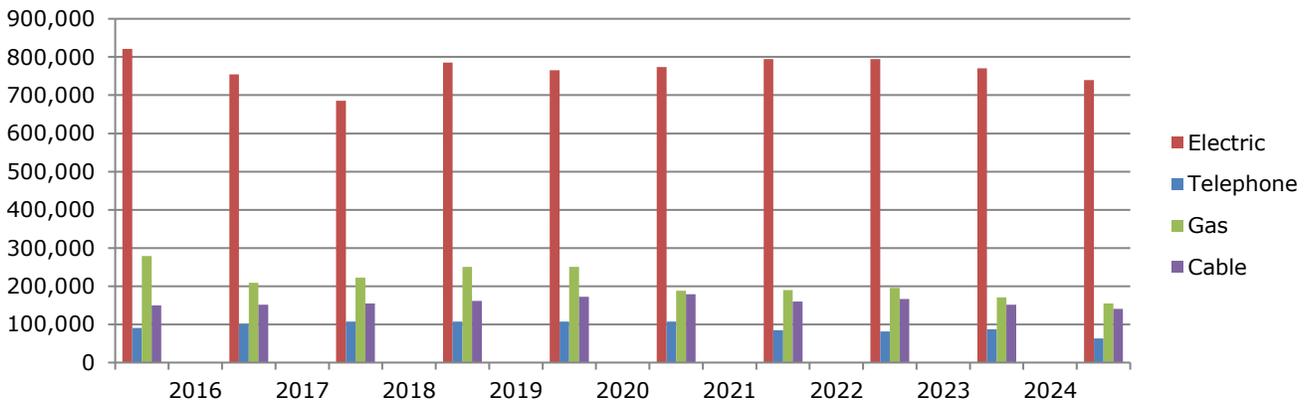
Direct and Overlapping Sales Tax Rates
Last Ten Years
(Unaudited)

<u>Fiscal Year</u>	<u>State of Texas</u>	<u>Cooke County</u>	<u>City of Gainesville</u>	<u>Gainesville Economic Development</u>	<u>Totals</u>
2016	6.25%	0.50%	1.25%	0.25%	8.25%
2017	6.25%	0.50%	1.25%	0.25%	8.25%
2018	6.25%	0.50%	1.25%	0.25%	8.25%
2019	6.25%	0.50%	1.25%	0.25%	8.25%
2020	6.25%	0.50%	1.25%	0.25%	8.25%
2021	6.25%	0.50%	1.25%	0.25%	8.25%
2022	6.25%	0.50%	1.25%	0.25%	8.25%
2023	6.25%	0.50%	1.25%	0.25%	8.25%
2024	6.25%	0.50%	1.25%	0.25%	8.25%
2025	6.25%	0.50%	1.25%	0.25%	8.25%

Source: Texas State Comptroller's Office

Franchise Fees
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Electric	Telephone	Gas	Cable
2016	\$ 770,240	\$ 87,426	\$ 170,614	\$ 151,400
2017	739,346	63,435	155,188	141,053
2018	764,417	86,091	224,776	125,196
2019	787,653	51,826	191,209	140,613
2020	802,532	37,969	174,075	129,625
2021	694,306	71,048	254,444	189,647
2022	771,296	67,595	284,091	167,990
2023	820,154	33,237	385,045	204,892
2024	1,048,532	25,687	270,598	101,475
2025	835,992	36,419	303,203	165,899

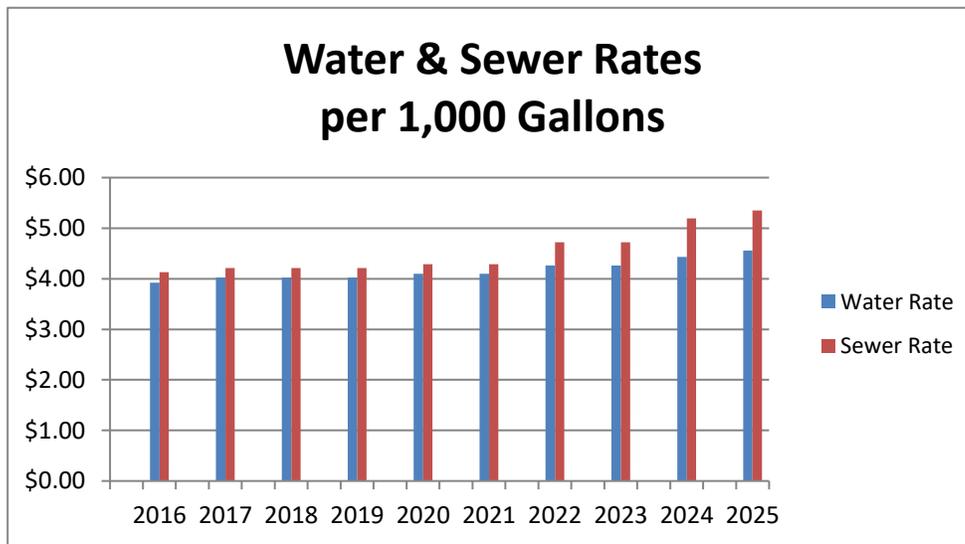
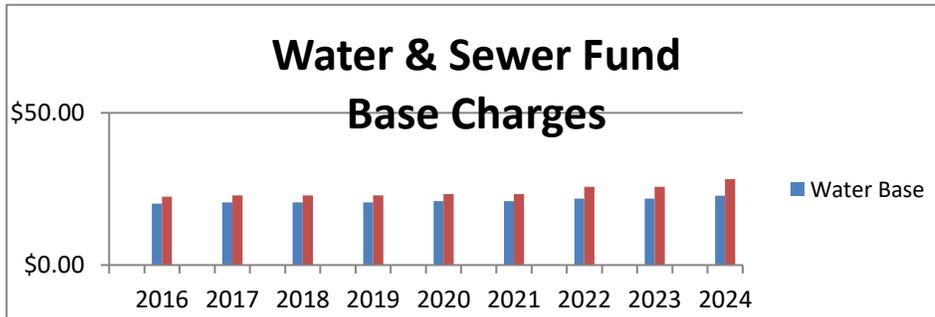


CITY OF GAINESVILLE, TEXAS

Water and Sewer Rates-Residential
Last Ten Years
(Unaudited)

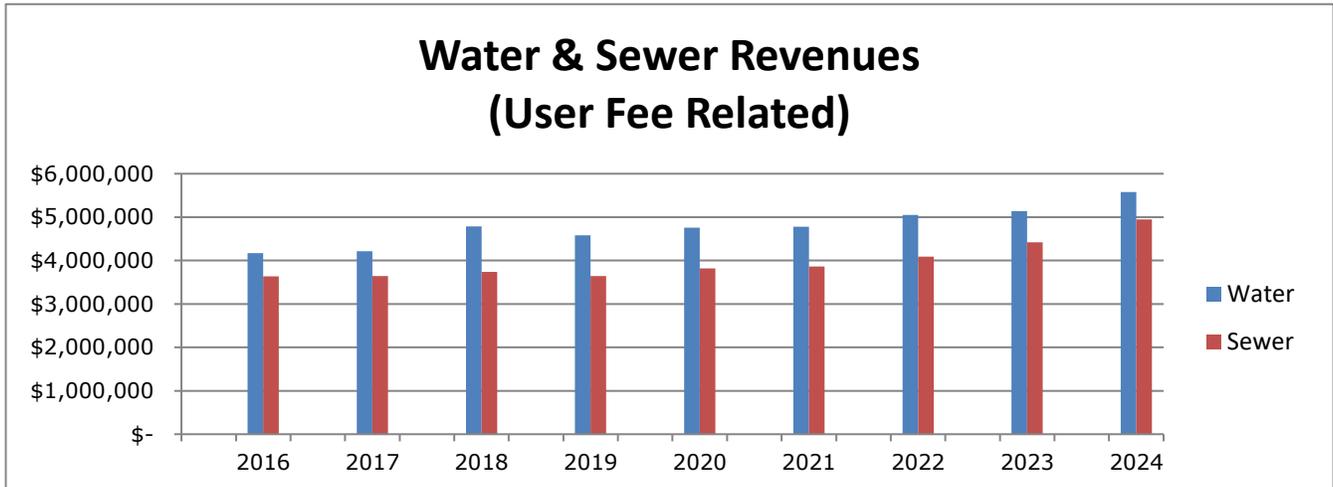
<u>Fiscal Year</u>	<u>Water Base (per month)</u>	<u>Water Rate (per 1000 gals)</u>	<u>Sewer Base (per month)</u>	<u>Sewer Rate (per 1000 gals)</u>
2016	\$20.12	\$3.92	\$22.43	\$4.13
2017	20.62	4.02	22.88	4.21
2018	20.62	4.02	22.88	4.21
2019	20.62	4.02	22.88	4.21
2020	21.03	4.10	23.34	4.29
2021	21.03	4.10	23.34	4.29
2022	21.87	4.26	25.67	4.72
2023	21.87	4.26	25.67	4.72
2024	22.74	4.43	28.24	5.19
2025	23.42	4.56	29.09	5.35

Source: City of Gainesville Customer Service



Water and Sewer Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water Related Revenues	Sewer Related Revenues	Total
2016	\$ 4,171,501	\$ 3,633,470	\$ 7,804,971
2017	4,217,575	3,645,945	7,863,520
2018	4,789,781	3,737,366	8,527,147
2019	4,581,849	3,645,923	8,227,772
2020	4,757,523	3,818,149	8,575,672
2021	4,777,176	3,865,015	8,642,191
2022	5,050,290	4,091,698	9,141,988
2023	5,138,940	4,423,524	9,562,464
2024	5,581,583	4,949,155	10,530,738
2025	11,027,003	7,023,186	18,050,189



Ten Largest Consumers of Water
Current Year and Nine Years Ago
(Unaudited)

Customer	2025		2016	
	Total Consumption For Customer (in gallons)	Rank	Total Consumption For Customer (in gallons)	Rank
Gainesville State School	11,920,000	1	11,529,999	1
Lexington Square Apartments	7,274,100	2		
City of Gainesville- Frank Buck Zoo	6,962,700	3	9,928,500	2
Safran Seats USA LLC	6,737,530	4		
River Valley Nursing and Rehab	4,430,300	5		
GAF Materials	4,426,700	6		
Pecan Tree Rehab & Health Care	4,173,100	7		
Woodglen Apts	3,165,400	8	4,017,400	9
La Quinta	2,653,100	9		
Hampton Inn & Suites	2,476,500	10		
Polypipe Inc. (formerly Duraline)			9,741,600	3
Zodiac (formerly Weber Aircraft)			9,565,440	4
North Texas Medical Center			7,725,630	5
North Central Texas College			4,609,730	6
Hunter's Car Wash			4,344,000	7
Pecan Tree Manor			4,340,500	8
Cooke County Justice Center			3,988,670	10
Total Water Consumption	54,219,430		69,791,469	

Source: City of Gainesville Customer Service

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Solid Waste Fund Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Charges for Service Revenues
2016	\$4,078,898
2017	4,093,404
2018	4,616,172
2019	4,620,566
2020	4,652,099
2021	4,900,934
2022	5,230,254
2023	5,643,195
2024	6,548,866
2025	7,023,186



CITY OF GAINESVILLE, TEXAS

Ratios of Outstanding Debt by Type
Last Ten Years
(Unaudited)

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation Bonds	Financing Arrangement	Premiums
2016	\$ 14,812,775	\$ 2,494,500	\$ -	\$ 849,850
2017	13,523,263	2,356,500	-	801,446
2018	10,065,466	6,204,610	156,000	744,419
2019	7,769,856	5,990,873	634,317	771,015
2020	6,764,811	4,384,698	472,872	727,134
2021	6,764,811	4,180,728	307,176	684,971
2022	5,737,081	11,152,558	136,615	1,121,175
2023	5,048,686	10,792,490	-	1,044,756
2024	4,334,144	13,363,389	-	1,237,427
2025	3,713,750	12,841,451	-	1,155,270

TABLE 17

General Obligation Bonds	Business-Type Activities			Total Primary Government	Percent of Personal Income	Official Per Capita
	Certificates of Obligation Bonds	Premiums	Contract Revenue Bonds			
\$ 6,030,519	\$ 18,130,500	\$ 121,516	\$ -	\$ 42,439,660	12.95%	2,652
4,977,228	17,403,500	995,404	-	40,057,341	12.10%	2,459
3,881,737	20,050,390	930,528	-	42,033,150	12.70%	2,580
5,554,534	19,159,127	871,529	-	40,751,251	12.31%	2,469
8,870,143	16,570,301	970,833	-	38,760,792	11.71%	2,349
8,015,190	15,679,271	916,909	-	36,549,056	9.76%	2,175
7,142,916	14,752,441	846,176	-	40,888,962	10.22%	2,337
6,436,111	22,942,509	1,572,787	8,730,040	56,567,379	13.81%	3,158
5,705,651	22,986,609	1,560,959	7,955,560	57,143,739	11.25%	3,175
4,981,042	21,643,549	1,444,642	7,164,600	52,944,304	10.43%	2,941

CITY OF GAINESVILLE, TEXAS

Ratio of Net General Bonded Debt Outstanding
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Official Population (1)	Total Assessed Value (2)	General Bonded Debt (3)	Less Debt Service Fund (4)
2016	16,502	\$ 1,227,392,630	\$ 19,955,001	\$ 1,244,098
2017	16,502	1,353,019,721	42,710,003	1,371,883
2018	16,502	1,337,365,224	39,550,003	1,439,783
2019	16,502	1,486,631,887	43,660,000	1,531,813
2020	16,502	1,482,408,632	37,975,000	1,602,220
2021	17,394	1,536,129,525	36,549,056	1,197,509
2022	17,500	1,632,283,591	38,784,996	1,904,108
2023	17,912	1,884,025,460	45,219,796	1,868,649
2024	18,000	2,108,018,346	46,389,793	2,004,883
2025	18,000	2,000,566,216	43,180,000	2,125,710

- (1) From US Bureau of Census 2010 Census, updated 2022
- (2) From Cooke County Appraisal District
- (3) The City has no revenue bonds
- (4) Amount available for repayment of general obligation bonds.

TABLE 18

	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>		<u>Net Bonded Debt Per Capita</u>
\$	18,710,903	2.03%	\$	1,134
	41,338,120	4.39%		2,505.04
	38,110,220	3.68%		2,309.43
	42,128,187	2.84%		2,552.91
	36,372,780	2.44%		2,204.14
	35,351,547	2.17%		2,032.40
	36,880,888	2.26%		2,107.48
	43,351,147	2.30%		2,420.23
	44,384,910	2.11%		2,465.83
	41,054,290	2.05%		2,280.79

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Direct and Overlapping Governmental Activities Debt
 September 30, 2025
 (Unaudited)

Jurisdiction	Total Debt Outstanding	Estimated Percent Applicable	Direct and Overlapping Funded Debt As of 9/30/24
Direct Debt:			
City of Gainesville	\$ 16,432,991	100%	\$ 16,432,991
Subtotal Direct Debt	16,432,991		16,432,991
Overlapping Debt:			
Cooke County	-	27%	-
Gainesville ISD	55,408,979	79%	43,933,779
Lindsey ISD	15,865,000	42%	6,590,321
Gainesville Hospital District	30,730,000	31%	9,621,563
North Central Texas Community College	13,735,000	23%	3,149,436
Subtotal Overlapping Debt	115,738,979		63,295,099
Total Direct and Overlapping Debt	132,171,970		79,728,090

Ratio of direct and overlapping bonded debt to taxable assessed valuation 3.99%

Per capita direct and overlapping bonded debt 4,429

General obligation debt in the amounts shown for which repayment is provided from other revenue sources. The amount of self-supporting debt is based on the percentages of revenue support. It is the City's current policy to provide these payments from these revenues; this policy is subject to change in the future. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligations, the City will be required to levy an ad valorem tax to pay such debt service. This information is provided in our bond covenants.

Source: Hilltop Securities

CITY OF GAINESVILLE, TEXAS

Legal Debt Margin Information
Last Ten Years
(amounts expressed in thousands)
(Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$ 12,975	\$ 14,910	\$ 13,703	\$ 12,339
Total Net Debt Applicable to Limit	2,032	1,887	2,104	2,042
Legal Debt Margin	(3,272)	(124)	(1,983)	(6,117)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.66%	12.66%	15.35%	16.55%

Note: As a home rule city governed by State law and the city charter, the City is authorized to levy an ad valorem tax up to \$2.50 per \$100 of taxable assessed value. However, Gainesville uses the administrative "test" as a limit set by the Attorney General's public finance division in order to be conservative, and not the legal limit.

Source: Hilltop Securities

TABLE 20

	2020	2021	2022	2023	2024	2025
\$	11,126	\$ 10,340	\$ 9,001	\$ 5,759	\$ 5,065	\$ 3,720
	1,948	1,851	1,723	1,714	-	-
	(80)	3,070	7,543	8,467	10,796	12,281
	17.51%	17.90%	19.14%	29.76%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 2,000,566,216
Add back: exempt real property	345,165,201
Total assessed value	1,655,401,015
Debt limit (\$1.50 to total assessed value)	30,008,493
Debt applicable to limit:	
General Obligation bonds	3,720,000
Less: Amount set aside for repayment of GO debt	-
Tax Certificates of Obligations w/Revenue Pledge	14,007,000
Total net debt applicable to limit	<u>17,727,000</u>
Legal Debt Margin	<u>\$ 12,281,493</u>

CITY OF GAINESVILLE, TEXAS

TABLE 21

Revenue Bond Coverage
Water and Sewer Fund
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal and Interest Payments (3)</u>	<u>Coverage</u>
2016	\$ 7,541,024	\$ 5,565,217	\$ 1,975,807	\$ 1,715,148	1.15
2017	8,111,187	5,928,017	2,183,170	1,737,851	1.26
2018	7,863,520	5,389,711	2,473,809	1,701,289	1.45
2019	8,614,646	5,565,108	3,049,538	1,608,745	1.90
2020	8,227,772	4,805,130	3,422,642	1,630,669	2.10
2021	8,286,736	4,697,223	3,589,513	1,438,469	2.50
2022	9,229,306	4,798,453	4,430,853	1,439,239	3.08
2023	10,422,542	4,117,872	6,304,670	1,423,227	4.43
2024	12,834,546	4,644,299	8,190,247	-	N/A
2025	16,116,216	4,728,402	11,387,814	1,343,061	8.48

(1) Total revenues, excluding grants and interest.

(2) Total operating expenses excluding depreciation and transfers

(3) Includes principal and interest of revenue bonds only. General obligation bonds reported in the Water and Sewer Fund are not included.

CITY OF GAINESVILLE, TEXAS

TABLE 22

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Official Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (3)	Education Percent High School & Up (1)	Unemployment Rate (2)
2016	16,002	\$ 330,969,366	20,683	33	2,862	79.50%	3.60%
2017	16,502	351,377,086	21,293	32	2,945	79.50%	3.30%
2018	16,502	358,687,472	21,736	35	3,169	77.50%	2.70%
2019	16,502	358,687,472	21,736	35	3,074	77.80%	2.60%
2020	16,804	345,725,496	20,574	38	3,080	77.80%	3.00%
2021	17,394	357,864,156	20,574	33	3,061	78.50%	6.70%
2022	17,576	401,945,544	22,869	33	3,090	79.90%	3.20%
2023	17,912	409,629,528	22,869	34	3,114	79.90%	3.50%
2024	18,000	507,834,000	28,213	35	2,798	79.90%	3.70%
2025	18,000	558,828,000	31,046	37	3,100	84.20%	3.50%

(1) US Census Bureau 2010 Census

(2) GEDC

(3) Gainesville Independent School District

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CITY OF GAINESVILLE, TEXAS

TABLE 23

Ten Largest Employers
Fiscal Year 2024 and 2015
(Unaudited)

Employer	2025			2016		
	Number of Employees FTE	Rank	Percent of Total County Employment	Number of Employees FTE	Rank	Percent of Total County Employment
WinStar Casino	2,556	1	14.20%	3,200	1	26.45%
Safran (formerly Zodiac/Weber)	1,007	2	5.59%	2,000	2	16.53%
Wal-Mart	442	3	2.46%	396	6	3.27%
Gainesville ISD	425	4	2.36%	442	5	3.65%
North Central Texas College (NCTC)	352	5	1.94%	595	4	4.92%
North Texas Medical Center (NTMC)	350	6	1.62%	350	7	2.89%
Cooke County	292	7	1.43%	265	9	2.19%
IFS Coatings	258	8	1.39%			
Gainesville State School	250	9	1.22%	600	3	4.96%
City of Gainesville	<u>220</u>	10	<u>1.22%</u>			
SPN Well Services (was Complete Energy)				300	8	2.48%
Molded Fiberglass				179	10	1.48%
Totals	<u>6,152</u>		<u>34.18%</u>	<u>8,327</u>		<u>68.82%</u>
Total in Gainesville	<u>18,000</u>			<u>12,100</u>		

CITY OF GAINESVILLE, TEXAS

Full-time Equivalent Employees by Function
Last Ten Years
(Unaudited)

<u>Function</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Administration	3	3	3	3	3
Information Technology	1	1	1	1	1
Human Resources	2	2	2	2	2
Communications and Outreach	-	-	-	-	-
Municipal Court	4	4	4	4	4
Civic Center	2	2	2	2	2
Community Development	5	6	6	6	6
Finance	4	4	4	4	4
Economic Development	5	5	5	5	5
Police	56	56	56	56	59
Fire	42	42	42	42	42
Streets	7	7	7	7	7
Garage	4	4	4	4	4
Parks	17	17	17	18	18
Frank Buck Zoo	17	17	17	17	17
Cemetery	5	5	5	5	5
Golf Course	6	6	6	6	6
Water	20	20	20	21	21
Wastewater	17	17	16	14	14
Airport	3	3	3	3	3
Stormwater Utility	2	2	2	2	2
Solid Waste - Collection	12	13	13	13	13
Solid Waste - Disposal	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>
Total	<u>236</u>	<u>238</u>	<u>237</u>	<u>238</u>	<u>241</u>

Source: City of Gainesville Human Resources department.

TABLE 24

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
3	3	3	3	3
1	1	1	1	1
2	2	2	2	3
-	-	-	1	2
4	4	4	4	4
2	2	2	2	3
6	6	6	6	7
4	4	4	4	4
5	5	5	5	5
59	59	59	59	60
42	42	42	42	43
7	7	7	7	7
4	4	4	4	4
18	18	19	19	19
17	17	17	17	18
5	4	4	4	5
6	6	6	6	6
20	20	20	20	20
14	14	14	14	14
3	3	3	3	4
2	2	2	2	2
13	13	13	13	13
<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>
<u>240</u>	<u>239</u>	<u>241</u>	<u>242</u>	<u>252</u>

CITY OF GAINESVILLE, TEXAS

Operating Indicators by Function
Last Ten Years
(Unaudited)

Function	2016	2017	2018	2019	2020
Police					
Calls for Service	34,558	32,026	32,260	28,382	27,129
Arrests	1,392	1,222	1,356	1,041	819
Municipal Court					
Cases Filed	6,612	5,447	6,293	6,522	3,941
Cases Disposed	2,442	5,648	5,493	6,399	3,354
Class C Warrants Filed	1,854	1,617	2,252	2,762	1,280
Juvenile Cases Filed	146	117	217	134	164
Fire					
Number of calls	2,461	2,670	3,111	3,124	3,302
Number of fires	143	169	286	145	170
Rescue/EMS incidents	1,544	1,829	1,825	1,908	2,050
Streets					
Potholes Patched	4,608	2,701	3,374	4,461	4,491
Storm drains cleaned	126	93	122	446	604
Miles of streets swept	690	1,595	868	900	703
Golf Course					
Rounds of golf	7,435	9,216	10,331	8,565	9,142
Community Development					
Building Permits	1,258	1,168	1,022	1,200	1,476
Value of Building Projects (in thousands) *	15,919	28,960	34,752	17,224	15,493
Number of Inspections	878	982	1,153	1,268	1,308
Finance					
Number of invoices paid	7,372	6,700	7,528	6,700	5,736
Received CAFR award	Yes	Yes	Yes	Yes	Yes
Received Budget Presentation award	Yes	Yes	Yes	Yes	Yes
Number of Payroll checks prepared	6,062	6,176	5,936	6,175	6,213
Water System					
Number of water customers	6,074	6,109	6,116	7,363	7,475
New Connects	1,344	1,313	1,281	1,431	1,236
Daily average water consumption (mil gls)	2.10	2.10	2.10	2.10	2.30
Maximum daily pumping capacity (mil gls)	6.80	6.80	6.70	6.80	6.80
Maximum storage capacity (mil gls)	3.80	3.80	4.03	4.00	4.00
Wastewater System					
Number of wastewater customers	5,775	5,805	5,816	7,151	7,157
Daily average treatment(mil gls)	2.20	1.60	1.80	2.49	2.61
Maximum daily treatment capacity(mil gls)	10.00	4.14	4.14	4.14	4.14
Airport					
Gallons of aviation fuel pumped	311,236	323,952	334,975	334,670	359,090

Source: Various City departments.

Note: Some historical statistics were not available and are indicated with "---".

FY data

*2020 and 2021 only report commercial values due to Texas House Bill 852, signed 5/21/2019 prohibits disclosure of dollar valuation of residential construction projects.

TABLE 25

2021	2022	2023	2024	2025
26,237	29,362	28,009	27,652	29,231
757	824	861	733	753
3,828	5,312	5,530	5,034	6,090
4,673	4,471	5,065	4,282	5,022
2,365	1,990	1,903	2,188	2,245
129	189	113	91	88
3,615	3,621	3,832	3,594	3,983
135	178	135	96	93
2,242	2,388	2,600	2,411	2,795
3,903	2,366	3,847	7,043	6,804
465	164	156	851	792
737	587	452	569	516
9,793	10,480	17,934	18,124	21,012
1,389	1,135	1,002	1,087	1,275
33,688	13,759	24,515	17,655	57,662
1,389	1,784	3,092	3,483	3,171
7,259	6,801	7,087	7,265	7,145
Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes
6,009	5,877	5,984	6,163	6,077
7,516	6,377	6,307	6,553	6,378
1,265	1,167	1,037	1,151	1,141
2.55	2.15	2.10	2.22	2.21
7.53	7.84	7.53	7.53	7.86
4.00	4.00	4.00	4.00	4.00
7,176	7,114	6,161	6,076	6,504
1.85	1.34	1.43	1.65	1.64
4.14	4.14	4.14	4.14	4.00
				14
397,701	348,326	348,326	369,625	397,466

CITY OF GAINESVILLE, TEXAS

Capital Asset Statistics by Function
Last Ten Years
(Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police					
Stations	1	1	1	1	1
Patrol Units	12	12	12	12	12
Fire					
Stations	3	3	3	3	3
Fire Hydrants	825	825	825	881	913
Fire Vehicles	12	12	12	14	13
Streets					
Miles of streets	129.71	129.71	129.71	129.71	129.71
Miles of streets maintained by City	96	96	96	96	96
Street Lights	1581	1581	1581	1572	1573
Parks & Recreation					
Number of Community/Civic Centers	2	2	2	2	2
Number of park areas	24	24	24	24	24
Park acreage	212	212	226	266	266
Number of golf courses	1	1	1	1	1
Number of swimming pools	1	1	1	1	1
Number of splash pads					
Number of zoos	1	1	1	1	1
Miles of water mains	137.5	137.5	151	151	151
Number of Water Treatment Plants	1	2	1	1	1
Wastewater System					
Miles of wastewater mains	134	134	132	132	132
Miles of storm drainage mains	10	10	14	14	14
Number of Wastewater Treatment Plants	1	1	1	1	1
Sanitation					
Collection Trucks	13	5	5	9	10
Long Haul Trucks	4	4	4	3	3
Heavy Equipment Units	-	-	-	3	7
Vehicles	5	6	6	7	6
Carts	5563	5353	5364	6736	6773
Airport					
Airport acreage	1297	1277	1277	1277	1277
Number of runways	2	2	2	2	2
Number of hangars	6	6	6	6	6

Source: Various City Departments

TABLE 26

2021	2022	2023	2024	2025
1	1	1	1	1
12	11	11	11	11
3	3	3	3	3
913	903	909	916	943
13	13	13	16	16
129.71	129.71	202	129.71	129.71
96	102	108	102	102
1573	1588	1573	1588	1588
2	2	1	1	1
24	24	23	24	24
266	266	266	266	266
1	1	1	1	1
1	1	1	1	1
		1	1	1
1	1	1	1	1
151	153	153	153	151
1	1	1	1	1
132	129	125	132	132
14	14	15	10	0
1	1	1	1	1
10	10	11	9	11
3	6	8	4	4
7	7	7	7	10
6	6	8	7	7
6889	6495	6582	6582	6600
1277	1277	1200	1232	1232
2	2	2	2	2
6	6	21	21	21

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COMPLIANCE SECTION

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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 City Council
City of Gainesville, Texas

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 unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Texas' basic financial statements, and have issued our report thereon dated March 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gainesville, Texas' internal control over financial reporting (internal control) as a basis for designing 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, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville, Texas' 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 City of Gainesville, Texas' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gainesville, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 17, 2026



Gainesville

Totally Texas. All American.