



Metal of Honor 2015

City of Gainesville, Texas Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2015

Medal of Honor (Front Cover)

The Medal of Honor Host City Program was established in 2001 to provide Gainesville residents with a more interactive connection with America's history, the military and the veteran community. It was decided that the best approach was to reach out to the men who had served the nation with heroic distinction and at the same time engage the community, especially its children, in the patriotic process.

The Medal of Honor Host City Program has won the appreciation of the Recipients who have experienced Gainesville's small town, patriotic hospitality; many have returned again and again over the years, and encouraged other Recipients to attend. Since its inception, our Medal of Honor Host City Program has hosted almost half of our nation's Medal of Honor Recipients who have inspired our community with their message of patriotism, sacrifice, courage and life values.

There are three versions of the Medal of Honor, one for each of the military departments of the Department of Defense: Army, Navy, and Air Force. Members of the Marine Corps and Coast Guard are eligible to receive the Navy version. Each is constructed differently and the components are made from gilding metals and red brass alloys with some gold plating, enamel, and bronze pieces.

Army recipients

The Army version is described by the Institute of Heraldry as "a gold five pointed star, each point tipped with trefoils, 1 1/2 inches wide, surrounded by a green laurel wreath and suspended from a gold bar inscribed VALOR, surmounted by an eagle. In the center of the star, Minerva's head surrounded by the words UNITED STATES OF AMERICA. On each ray of the star is a green oak leaf. On the reverse is a bar engraved THE CONGRESS TO with a space for engraving the name of the recipient." The pendant and suspension bar are made of gilding metal, with the eye, jump rings, and suspension ring made of red brass. The finish on the pendant and suspension bar is hard enameled, gold plated, and rose gold plated, with polished highlights.

Navy, Marine, and Coast Guard Recipients

The Navy version is described as "a five-pointed bronze star, tipped with trefoils containing a crown of laurel and oak. In the center is Minerva, personifying the United States, standing with left hand resting of fasces and right hand holding a shield blazoned with the shield from the coat of arms of the United States. She repulses Discord, represented by snakes. The medal is suspended from the flukes of an anchor." It is made of solid red brass, oxidized and buffed.

Air Force Recipients

The Air Force version is described as "within a wreath of green laurel, a gold five-pointed star, one point down, tipped with trefoils and each point containing a crown of laurel and oak on a green background. Centered on the star, an annulet of 34 stars is a representation of the head of the Statue of Liberty. The star is suspended from a bar inscribed with the word VALOR above an adaptation of the thunderbolt from the Air Force Coat of Arms." The pendant is made of gilding metal. The connecting bar, hinge, and pin are made of bronze. The finish on the pendant and suspension bar is hard enameled, gold plated, and rose gold plated, with buffed relief.



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Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



City of Gainesville, Texas

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

Prepared by
Finance Department

Fiscal Year Ended
September 30, 2015

City of Gainesville, Texas
Comprehensive Annual Financial Report
September 30, 2015

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Introductory Section



March 22, 2016

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

The Comprehensive Annual Financial Report of the City of Gainesville (the "City") for the fiscal year ended September 30, 2015, 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 the 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 of costs and benefits requires 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 contracts with Schalk and Smith Certified Public Accountants. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2015, and the auditor's report is located at the front of the financial section of the Comprehensive Financial Report.

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 auditors' 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 19.47 square miles and, as of 2010 U.S. Census a population of 16,002. 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 year, 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 storm water 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 and cable television services are provided by private utilities including but not limited to Cooke County Electric, Oncor, Atmos Energy, Suddenlink Cable 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 Project 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.

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 the accrual basis.

During the fiscal year, budgetary control is maintained by the review of purchase orders for compliance with adopted policies and procedures. Purchase orders that

exceed appropriated balances are not released until they have been further reviewed and approved by the City Manager or his representative. 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.

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.

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 as 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 Region. 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 Denton, Texas, Ardmore, Oklahoma, Wichita Falls and Sherman, 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 North American Free Trade Agreement's designated transportation corridor, 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 includes the North Texas Medical Center, the 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.

Unemployment in Gainesville has remained lower than both the state and national averages (3.9% vs. 4.4% and 5.3% respectively). The new business development and diversity of economy are the main reasons for this lower unemployment rate. The recent drop in oil and gas prices will impact the unemployment rate but the city anticipates that the rate will remain lower than the state average because of the diversification of the companies in the municipality. 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 2014-2015:

- Dura-Line completed a \$2,076,311 expansion to support four new product lines. GEDC provided \$2,460,000 for infrastructure for the development of a new industrial park. Retailers built new structures and additions in the City including: the 7,174-square-foot A&P Travel Center (\$1,150,000); the 11,828 square-foot Phase II of the Great Lakes Shopping Center (\$1,000,000); the 4,902 square-foot addition for Meador Funeral Home (\$655,000), and the 40,000 square-foot Fairgrounds Association Barn (\$453,050). The Gainesville Independent School District built a new \$800,000 athletic complex. The community dedicated the Medal of Honor Park to commemorate all four military branches' Congressional Medal of Honor Recipients. The Park is now the focal point for the annual Medal of Honor weekend hosted by the City of Gainesville attracting thousands of visitors.
- The City issued \$9.125 million of Combination Tax and Revenue Certificates of Obligation in 2015 for the wastewater treatment plant.
- Approximately \$2.04 million was spent on Street Utility Maintenance Program (SUMP) in 2015.
- The City continued construction on the expansion of the Moss Lake Water Treatment Plant and the Northwest Water Distribution Line. At year end, \$6.92 million has been spent.
- Approximately \$1.34 million was spent on capital equipment from the operating budget for Administration, Fire, Police, Parks, Civic Center, Zoo, Hotel/Motel, Street, Water, Stormwater Drainage and Solid Waste departments.
- The City demolished 91 structures on 44 lots in FY 2015. Gentrification is playing a large role in the City's economy with the demolition of older structures and new development on the sites.

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 law suits which can take several months and can change the total assessed valuation. The tax levy is calculated at a 95% collection rate, established by the Appraisal District, and the amount of collectible taxes changes.

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

2015 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	2015	2014	2013	2012	2011
General	0.443426	0.445078	0.458500	0.434260	0.432356
Debt Service	0.244396	0.200922	0.188550	0.212740	0.214644
Total	0.687822	0.646000	0.647000	0.647000	0.6470000

For fiscal year 2015, the Total Assessed Taxable Value decreased by \$9,829,106 or 1.1%.

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.

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 \$16.89 million (FY 2018 - \$4.43 million, FY 2022 - \$7.63 million and FY 2030 - \$4.83 million) in the next twenty years without increasing the tax rate to help reach its long-term goals. 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 2016-2020 were approved by the City Council and are included in the fiscal year 2016 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 \$46.04 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$5.95 million or 12.92% and non-recurring at \$40.09 million or 87.08%.

Financial Policies

In FY 2008, the City Council passed a resolution setting a goal for the City to maintain ninety (90) operating days reserve by FY 2014. In December 2010, an ordinance was passed by the City Council increasing the reserve requirement from forty-five (45) days to sixty (60) days of budgeted expenditures starting with fiscal year 2012. At the close of Fiscal year 2013, the City had a 172-day operating, cash reserve for the General Fund. The City updated its ordinance to require a ninety (90) day reserve in FY 2014. At the close of fiscal year 2015 the City had a 193-day operating, cash reserve for the General Fund. Detailed financial policies are included as part of the City's budget document and in city ordinances.

Awards and Acknowledgments

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 Comprehensive Financial Report for the fiscal year ended September 30, 2014. This was the twenty-fourth (24th) 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 Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report 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 its fiscal years 2010, 2011, 2012, 2013, 2014 and 2015 annual budget documents. 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. The 2016 budget document has been submitted and we believe it meets the requirements to receive another award.

The preparation of the Comprehensive Annual Financial Report 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 principals.

Sincerely,



Barry Sullivan
City Manager

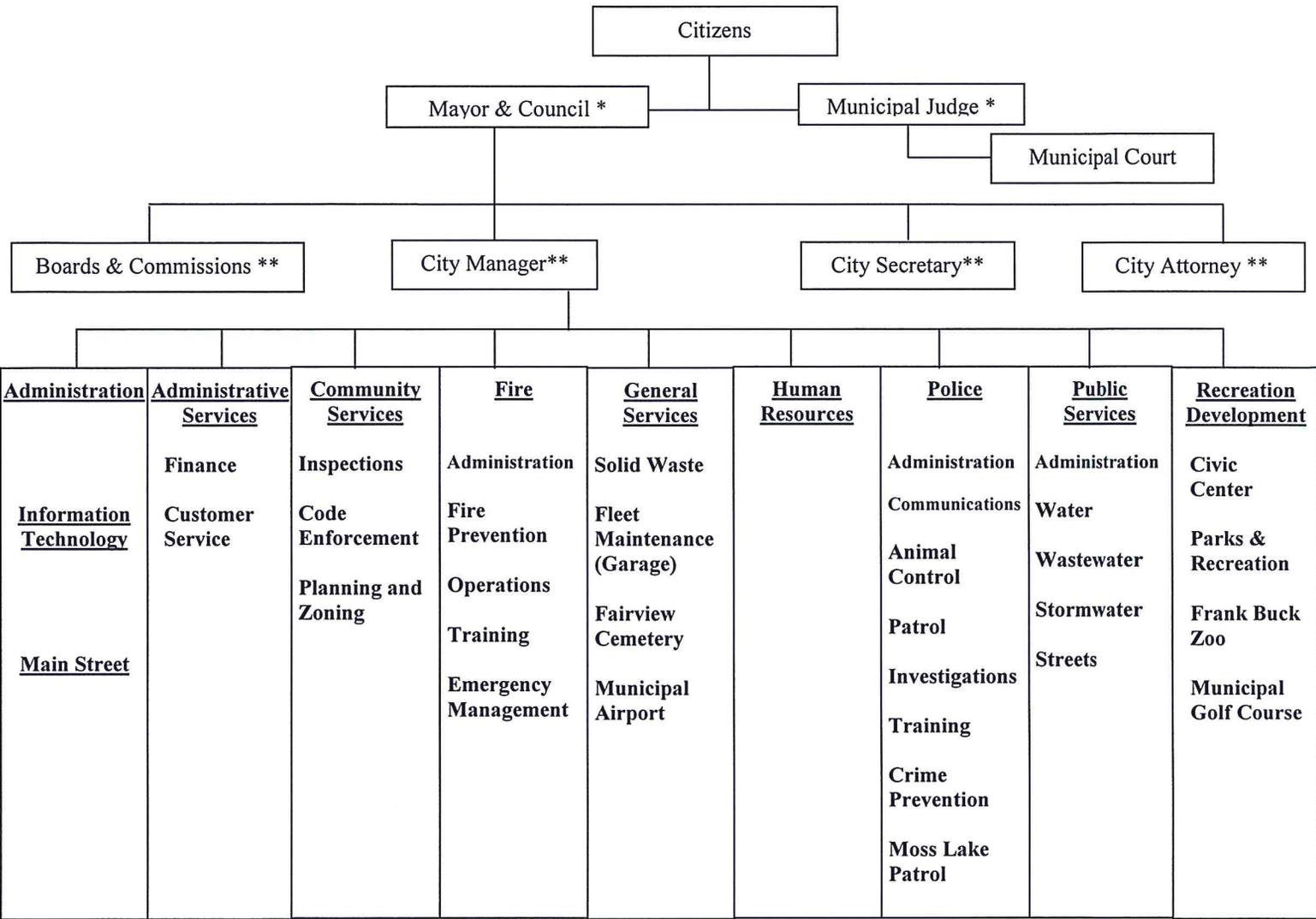


Dan Parker
Administrative Services Director



Karen F. Dixon, CPA
Controller

City of Gainesville, Texas
Organizational Chart



* Elected Positions
 ** Appointed by City Council
 All employees that are not appointed are under the direction of the City Manager

CITY OF GAINESVILLE, TEXAS
September 30, 2015

LIST OF PRINCIPAL OFFICIALS

Title	Name
Mayor *	Jim Goldsworthy
Council Member & Mayor Pro Tem*	Ray Nichols
Council Member*	Carolyn Hendricks
Council Member*	Keith Clegg
Council Member*	Ken Keeler
Council Member*	Mary Jo Dollar
Council Member*	Beverly Snuggs
City Manager**	Barry L. Sullivan
City Secretary **	Caitlyn Huddleston
City Attorney**	Bill Harris
Administrative Services Director	Daniel W. Parker
Police Chief	Kevin Phillips
Municipal Court Judge *	Chris Cypert
Fire Chief	Wally Cox
Director of Utilities	Ron Sellman
Community Services Director	Julie Smith
Director of Human Resources	Leah Gore
Airport Manager	David Vinton

* Denotes Elected Official

** Denotes Appointed by City Council



Financial Section



INDEPENDENT AUDITOR'S REPORT

City Council
City of Gainesville
Gainesville, Texas

Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Texas's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement Number 68*. Because GASB No. 68 implements new measurement criteria and reporting provisions, significant information has been added to the government-wide statements and the proprietary funds.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Texas's basic financial statements. The combining nonmajor fund financial statement and budgetary comparison schedules for major and non major funds 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 relate 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 nonmajor fund financial statements and budgetary comparison schedules for major and nonmajor funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The capital assets section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2016, on our consideration of the City of Gainesville, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gainesville, Texas's internal control over financial reporting and compliance.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance, GASBS No. 68, *Accounting and Financial Reporting for Pensions* and GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.



Schalk & Smith, P.C.
February 29, 2016

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

As Management of the City of Gainesville, 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, 2015. It should be read in conjunction with the accompanying letter of transmittal and basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at September 30, 2015 by \$46,186,068 (net position) (pg. 7 and 23). Of this amount, \$14,282,940 is unrestricted net position and may be used to provide the citizens services and funding for the betterments they desire.
- The overall net position increased \$3,729,673, or 7.9% (pg. 8). The governmental net position increased \$2,487,392 or 9.6% and the business type activities increased \$1,242,281 or 5.8%. Although the net position increased, a prior period adjustment of \$5,012,642 led to a decrease of \$1,282,969 when comparing the net position to the prior year. The majority, (\$4,966,471 or 99.1%) of the prior period adjustment was caused by the implementation of GASB No. 68 Accounting and Financial Reporting for Pensions. See pages 47 and 48 for a detailed discussion of the prior period adjustment and the GASB No. 68 adjustments. The City would still be reporting an increase in net position over the prior year if not for the implementation of the GASB No. 68.
- 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 fund balance in the General Fund during FY 2015 was \$7,583,643 (pg. 26) of that amount \$7,268,479 is cash and investments. This represents 193 days of operation. The City reached its planned and budgeted General Fund surplus of \$108,728.
- As a result of General Fund operations, the City was able to transfer \$2,021,419 (pg. 30 and 98) to the Assigned Projects Fund. The City used some of these funds to complete a new roof on City Hall, assist with the demolition program, purchase a back hoe for the Cemetery, repair the foundation of the local Noah's Ark Animal Shelter Building and enter a public private partnership to connect city facilities with fiber optics, which in turn allows the private company to create a gigabit network for the community as a whole. This has been a huge achievement for the City of Gainesville.
- The City's total debt outstanding (excluding bond premiums and discounts) increased by \$6,343,971 or 18.1% (pg. 20) during the current fiscal year reflecting the payment of a capital lease in the amount of \$61,032 to purchase a Caterpillar wheel loader and the issuance of FY 2015 Combination Tax and Revenue Certificates of Obligation in the amount of \$9,215,000 for the Wastewater Treatment Plant (pg. 62).

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The 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 required supplementary information and other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accruals of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and liabilities, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e. roads, drainage systems, water and sewer lines, etc.) in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and, thus, summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

The government-wide financial statements include not only the City of Gainesville itself (known as the primary government), but also a legally separate economic development corporation for which Gainesville Economic Development Corporation is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 26 through 31 of this report.

The Statement of Net Position and the Statement of Activities divide the City's activities into two types:

Governmental Activities – Most of the City's basic services are reported here, including general government, police and fire protection, planning for future land use, traffic control, building inspection, public health, park, zoo, recreational activities, street construction and maintenance, cemetery operations and cultural events. Property tax, sales tax, occupancy tax and franchise fees provide the majority of the financing for these activities.

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Business-type activities – Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water production and distribution, wastewater collection and treatment, solid waste collection and disposal, municipal airport operations, stormwater drainage and the municipal golf course.

Fund Financial Statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of 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 the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide 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 spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

The City reports twenty (20) individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, the 2014 GO Bond Fund, SUMP and Assigned Project Fund which are considered to be major funds. Data for the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - When the City charges customers for services it provides, the activities are generally reported in the proprietary funds. The City of Gainesville maintains one type of proprietary fund, which is referred to as an enterprise 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 and sewer operations, solid waste collection and disposal services, the operation of the municipal airport, stormwater drainage utilities, and the operation of the municipal golf course. These services are primarily provided to outside or non-governmental customers.

City of Gainesville, Texas
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Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water and sewer operations, solid waste collection and disposal, stormwater drainage, and the municipal airport all of which are considered to be major funds of the City. The Golf Course Fund is considered a non-major fund, but because it is the only non-major fund, it is reported along with the major funds.

Fiduciary Funds – The city is the trustee, or fiduciary, for the Stanford House. The city's fiduciary activities are reported in the separate fiduciary fund financial statements starting on page 38. We exclude these resources from the city's other financial statements because the city cannot use these assets to finance its operations. The city is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements also present certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Other Information. In addition to the basic financial statements and accompanying notes, the City of Gainesville adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund, as well as the other governmental funds, to demonstrate compliance with budget. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to financial statements. In the Comprehensive Financial Annual Report (CAFR) we include a statistical section, which is the chief source of information regarding the government's economic condition. The statistical section is organized into five areas: Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information and Operating Information.

Government-Wide Financial Analysis

Total assets of the City on September 30, 2015, were \$97,327,216 deferred outflows of resources were \$1,745,735, total liabilities were \$52,703,002 and deferred inflows of resources were \$213,881, resulting in a net position balance of \$43,186,068 (pg. 7 and 23). This is a 2.7% decrease from the prior fiscal year and is mainly due to implementing GASB No. 68 and recording the net pension liability for the City. Please see pages 47-48 and 73-79 for a detailed discussion of GASB No. 68 and the specific items that make up the prior period adjustment (PPA).

The City's total net position equals \$46,186,068. A portion of the net position, \$1,438,672 or 3.1% represents resources that are subject to external restrictions on how they may be used (pg. 7 and 23). The restricted net position has increased over the prior year by 1.3%. Capital assets (land, buildings, machinery, and equipment) net of related debt total \$24,206,547 or 52.4% of total net position, this represents an increase of \$4,458,656 or 22.6% compared to the prior year. The second largest portion of the City's net position, \$14,282,940 or 30.9% of net position reflects unrestricted net position, which may serve the ongoing desires of its citizens.

City of Gainesville, Texas
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Amounts for FY 2014 in the schedules below have been modified to match the FY 2015 presentation. The following table reflects the condensed Statement of Net Position:

Net Position

	Governmental Activities		Business Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$22,884,413	\$24,173,885	\$21,344,444	\$12,552,690	\$44,228,857	\$36,726,575
Capital assets	24,630,001	22,182,157	28,498,358	27,019,942	53,128,359	49,202,099
Total	47,514,414	46,356,042	49,842,802	39,572,632	97,357,216	85,928,674
Deferred Outflow of Resources	1,306,289	523,359	439,446	261,724	1,745,735	785,083
Long-term liabilities outstanding	20,941,417	18,034,028	25,307,735	15,887,689	46,249,152	33,921,717
Other liabilities	3,401,435	2,981,151	3,052,415	2,341,852	6,453,850	5,323,003
Total liabilities	24,342,852	21,015,179	28,360,150	18,229,541	52,703,002	39,244,720
Deferred Inflows of Resources:	170,993	-	42,888	-	213,881	-
Net Investment in Capital Assets	7,022,501	3,551,425	17,184,026	16,196,466	24,206,547	19,747,891
Nonexpendable	1,438,672	1,420,639	-	-	1,438,672	1,420,639
Restricted	6,257,929	7,019,380	-	-	6,257,929	7,019,380
Unrestricted	9,587,756	13,872,778	4,695,184	5,408,349	14,282,940	19,281,127
Total net position	\$24,306,858	\$25,864,222	\$21,879,210	\$21,604,815	\$46,186,068	\$47,469,037

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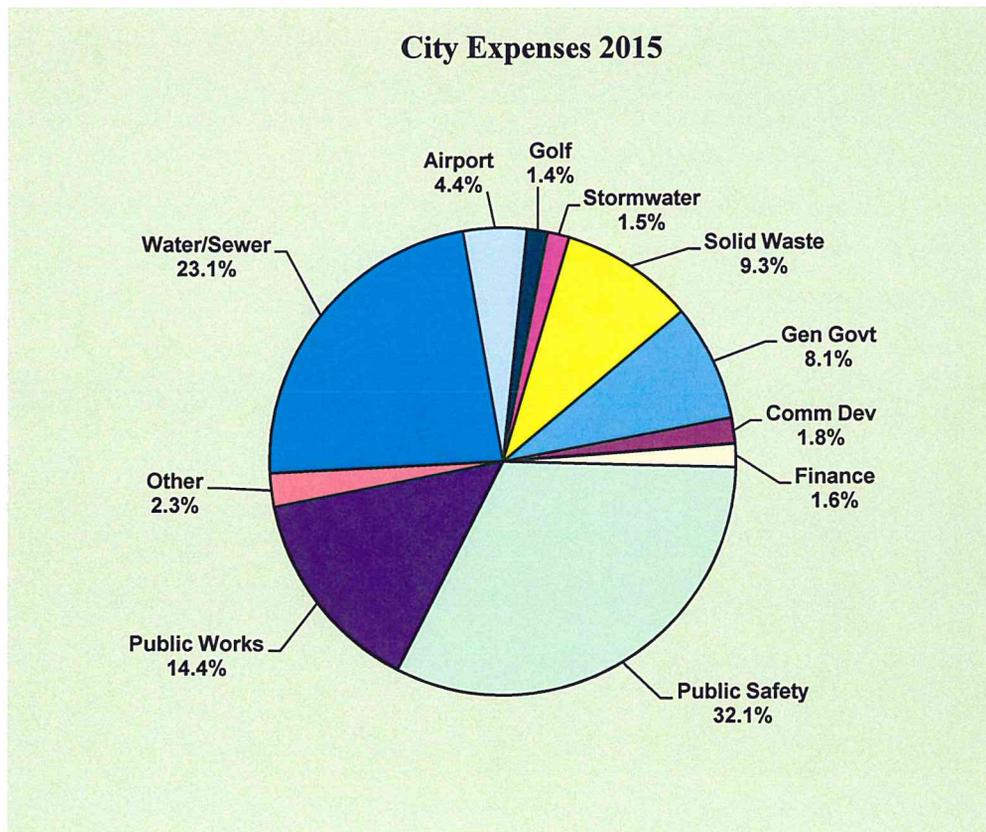
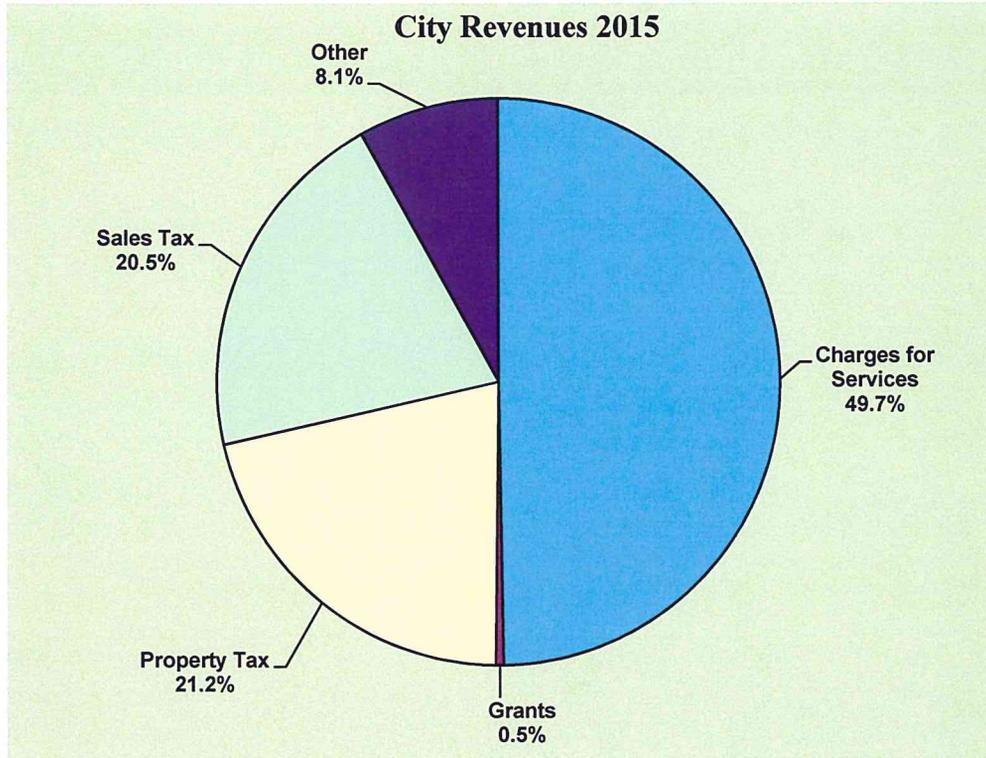
The following table provides a summary of the city's operations for the year ended September 30, 2015. Overall, the city had a decrease in net position of \$1,282,969.

Changes in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Fines, fees, & charges for services	\$1,487,247	\$1,639,045	\$13,488,315	\$13,648,325	\$14,975,562	\$15,287,370
Operating grants & contributions	50,600	260,794	86,996	472,676	137,596	733,470
General revenues:						
Property taxes	6,400,677	6,216,770	-	-	6,400,677	6,216,770
Sales taxes	6,167,640	6,622,880	-	-	6,167,640	6,622,880
Other taxes & fees	2,040,775	2,002,165	-	-	2,040,775	2,002,165
Other misc.	378,516	1,470,969	11,927	7,705,640	390,443	9,176,609
Total revenues	16,525,455	18,212,623	13,587,238	21,826,641	30,112,693	40,039,264
Expenses:						
General Government	2,134,433	2,301,376	-	-	2,134,433	2,301,376
Community Development	474,022	499,803	-	-	474,022	499,803
Finance	424,733	404,366	-	-	424,733	404,366
Public safety	8,469,599	8,262,814	-	-	8,469,599	8,262,814
Public works	3,790,990	3,731,174	-	-	3,790,990	3,731,174
Interest on long term debt	609,610	544,840	-	-	609,610	544,840
Bond issuance cost	-	79,487	-	-	-	79,847
Water & Sewer	-	-	6,084,430	6,450,530	6,084,430	6,450,430
Municipal Airport	-	-	1,162,751	1,336,488	1,162,751	1,336,488
Golf Course	-	-	380,340	390,556	380,340	390,556
Stormwater	-	-	397,236	373,440	397,236	373,440
Solid Waste	-	-	2,454,876	2,775,951	2,454,876	2,775,951
Total Expenses	15,903,387	15,823,860	10,479,633	11,326,965	26,383,020	27,150,825
Increase(decrease)in net position before transfers	622,068	2,388,763	3,107,605	10,499,676	3,729,673	12,888,439
Transfers in(out)	1,865,324	2,110,857	(1,865,324)	(2,110,857)	-	-
Increase(decrease) in Net Position	2,487,392	4,499,620	1,242,281	8,388,819	3,729,673	12,888,439
Net Position 10/01	25,864,222	21,364,602	21,604,815	13,215,996	47,469,037	34,580,598
Prior Period Adjustment	(4,044,756)	-	(967,886)	-	(5,012,642)	-
Restated 10/1	21,819,466	21,364,602	20,636,929	13,215,996	42,456,395	34,580,598
Net Position 09/30	\$24,306,858	\$25,864,222	\$21,879,210	\$21,604,815	\$46,186,068	\$47,469,037

City of Gainesville, Texas
Management's Discussion and Analysis
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The following graphs provide a summary of the operations for the year ended September 30, 2015.



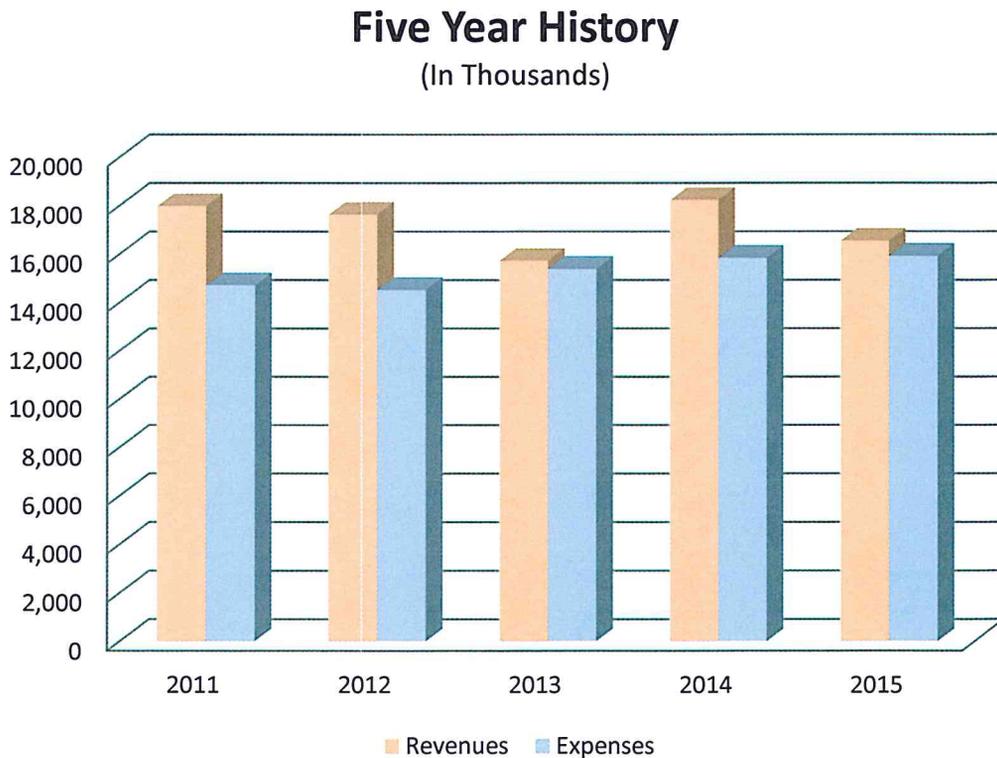
City of Gainesville, Texas
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Governmental Activities The statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accruals of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid. Governmental-type activities include services largely funded through non-exchange revenues (taxes are the most common example).

Net position increased \$2,487,392, or 9.6% (pg. 8). Key revenue and expense transactions are as follows:

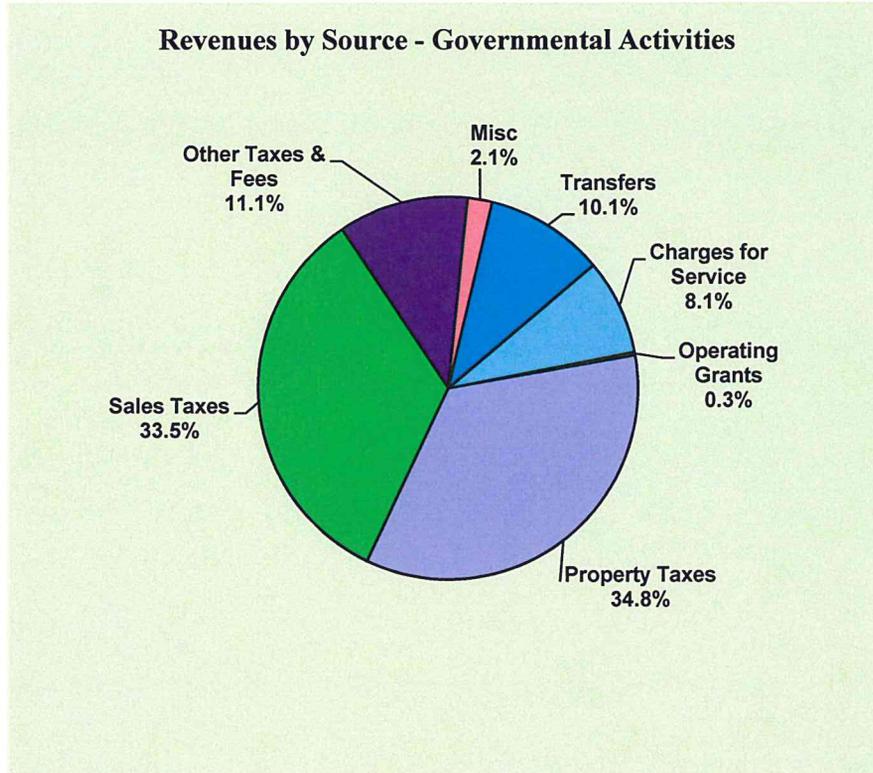
- Property taxes increased \$183,907 over the prior year.
- Operating grants and contributions increased \$210,194 and other miscellaneous revenue increased \$1,092,453 over the prior year.
- Overall revenues decreased \$1,687,168.
- Expenses increased \$79,527 or 0.5% (pg. 8) compared to the prior year.
- Revenues exceeded expenses by \$622,068.

The following graph depicts the five year history of the expenses and revenues.

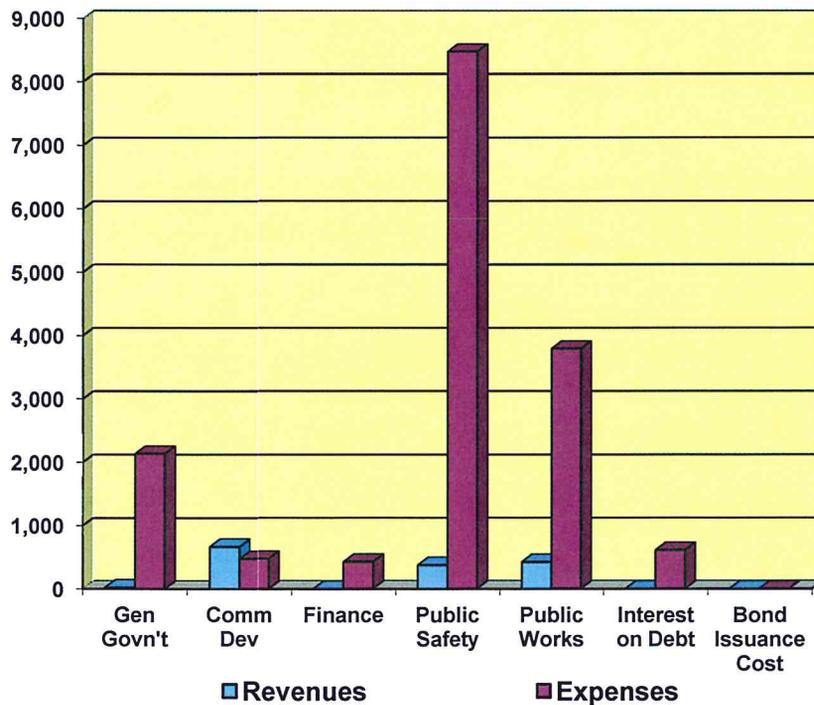


City of Gainesville, Texas
Management's Discussion and Analysis
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The following graph depicts current year revenues by source.



Expenses and Program Revenues
Governmental Activities
(In thousands)



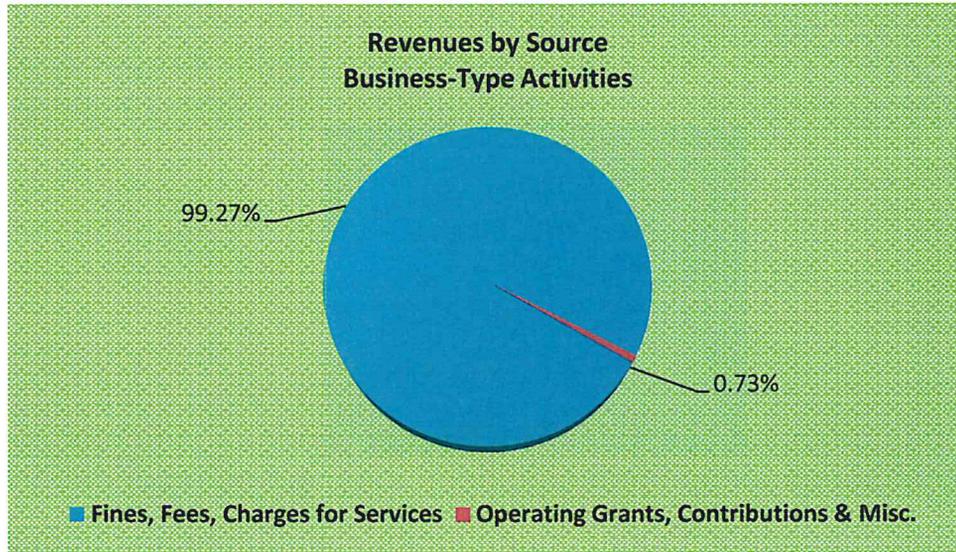
City of Gainesville, Texas
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Business-Type Activities Total business-type activities increased net position by \$1,242,281 or 5.8%. Key elements to the change in net position are as follows:

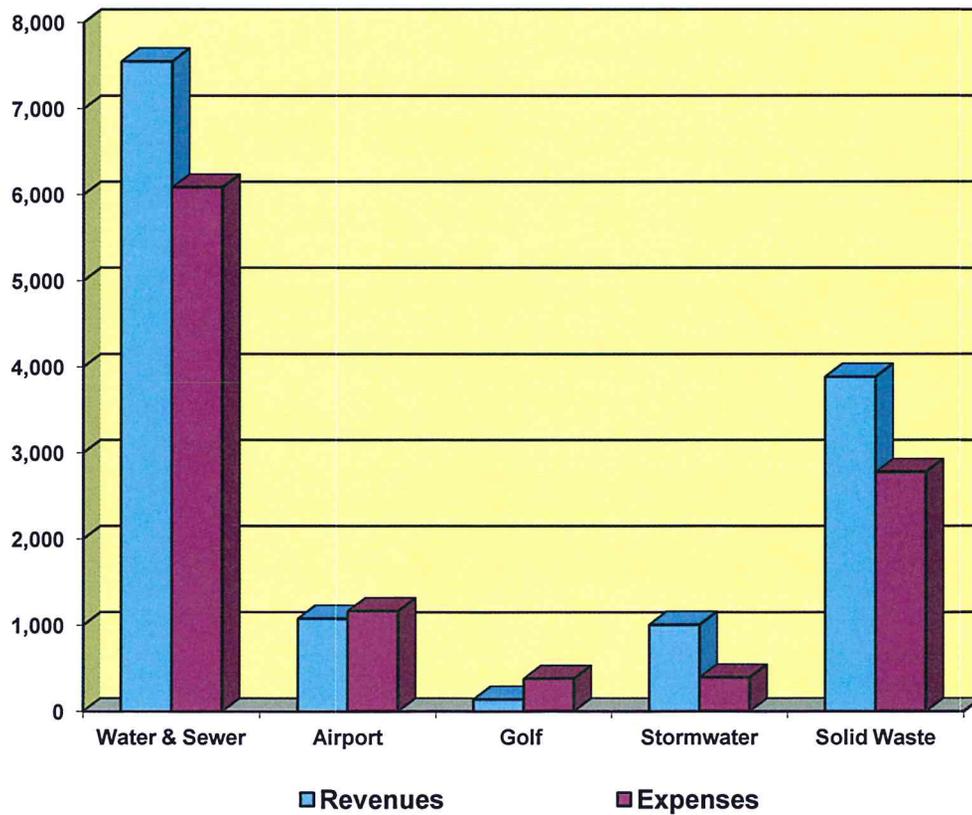
- Revenues decreased \$8,239,403 or 37.8%, of this amount charges for services decreased \$160,010 or 1.2% (pg. 8), income from grants decreased \$385,680 or 81.6% and non operating sources decreased \$7,693,713 or 99.9% due to the in-kind donation from the Corp of Engineers to the Stormwater Fund in the prior year.
- Water Fund revenues decreased by \$606,835 or 7.4% (pg. 34) from FY 2014. This decrease was related to the Environmental Protection Agency Grant received in FY 2014 in the amount of \$455,900 and not in FY 2015 and an increase in interest expense due to the increased debt service in the Water Fund. The actual revenues from water fees were slightly higher in 2015 than 2014.
- The revenues of the Airport Fund decreased \$230,252 or 17.9% primarily as a result of decreased fuel sales and loss on disposal of some assets.
- Revenues in the Golf Fund decreased by \$52,338 or 27.0%, due to flooding weather events throughout the year that caused lower green fees and pro shop sales.
- Revenues in the Solid Waste Fund increased by \$194,740 or 5.3% compared to last year. The increase was almost all attributable to an increase of the price of services.
- Revenues in the Stormwater Fund decreased \$7,495,524 or 88.2 % due to the prior year recognition of the Pecan Creek project.
- Total expenses decreased in FY 2015 by \$847,332 or 7.5%. The Airport (\$173,737 or 13.0%, Water and Sewer (\$366,100 or 5.7%), Solid Waste (\$321,075 or 11.6%) and Golf Course Fund expenses decreased \$10,216 or 2.6% (pg. 8). The Stormwater Fund expenses increased by \$23,796 or 6.4%, due to the reallocation of the 2008 GO bond project (pg. 45). The airport decrease was due to lower supplies, materials, repairs and maintenance costs. The Water Fund decreases were due to lower equipment lease and other payments. The Solid Waste fund decreases were primarily from reductions in supplies, materials and other expenses.

The implementation of the GASB No. 68 on net pension liability reporting had a large impact on the business-type activity fund balances (pg. 8). We will show this impact to each of the funds in this section. The business-type activity fund balances that increased are the Water & Sewer by \$390,318 or 6.6%, before the Prior Period Adjustment (PPA), \$527,636 or 9.2%, Solid Waste by \$405,614 or 29.3%, before the PPA, \$156,354 or 9.6%, Stormwater Fund by \$482,990 or 4.9%, before the PPA would have decreased \$257,384 or 2.4% and Golf Fund by 2,353 or 3%, before the PPA would have decreased \$75,151. The business type activity net position that decreased was the Municipal Airport by \$38,944 or 1.1%, before the PPA, would have decreased \$77,070 or 2.2%. The total net position of the business-type activities increased from the prior year \$1,242,281 or 6.0%, before the PPA the increase in the business type activity would have been \$274,395 or 1.3%.

**City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015**



**Operating Expenses and Program Revenues
Business-Type Activities
(In thousands)**



City of Gainesville, Texas
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For the Year Ended September 30, 2015

Financial Analysis of the Government's Funds Statements

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 for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$21,057,283 a decrease from the prior year of \$1,635,680 or 7.2% (pg.30). This includes a prior period adjustment of \$173,118.

Fund balances are classified as follows:

- Non-spendable. Funds that cannot be spent either because they are not in a spendable form or they are legally or contractually required to be maintained intact.
- Restricted. Funds spent only for specific purposes because of City Charter or Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed. Funds that can be used only for specific purposes determined by a formal action by the City Council ordinance or resolution.
- Assigned. Funds that are designated by the management for specific purposes determined by a formal action of the City Council.
- Unassigned. All funds not included in other spendable classifications.

Approximately 36.0% or \$7,583,096 constitutes the unassigned fund balance, which is reported in the General Fund and available for spending at the government's discretion. The remainder of the fund balance is not available for general spending and is classified as follows: Non-spendable \$547, Restricted \$6,033,203 or 28.7%, Committed \$1,427,979 or 6.8% and Assigned \$6,012,458 or 28.6% (pg. 26-27).

The General Fund is the chief operating fund of the City. At the end of FY 2015, unassigned fund balance in the General Fund was \$7,583,096 (pg. 26), of which \$7,268,479 is cash or 193 days of operating cash. There was an increase in General Fund balance \$108,728 or 1.5%.

Gainesville's cash reserves equaled 193 days of operating cash in the General Fund as of the end of FY 2015. In 2015, the City continued to see excess sales tax over budget. This together with a reduction in expenses allowed the City to transfer an additional \$2,021,419 to the Assigned Project Fund.

- In FY 2015, the City budgeted to spend \$530,280 of the prior year excess revenue for several capital projects including putting a new metal roof on City Hall, adding Fiber Optic throughout the City offices in Gainesville and assist with demolitions and street and utility maintenance projects. The City generated an excess of \$2,021,419 during the current fiscal year in the Assigned Project Fund for future projects (pg. 30). The City still maintains a cash reserve of \$7,268,479 (pg. 26) in the General Fund which equates to 193 days of operation. The total fund balance represents 193 days of operations.

City of Gainesville, Texas
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Key factors in the increase in the General Fund balance are:

- The use of conservative budgeting for revenue and expenditures
- Property taxes (\$62,099) and Sales taxes (\$1,014,640) exceeded budget (page 81).
- Franchise Fees (\$31,723), mixed beverage tax (\$10,207), licenses and permits (\$60,427), investment income (\$1,120), donations (\$51,212), and other revenues (\$70,583) exceeded budget (pg. 81).
- Expenses decreased \$767,396 or 5.3% (pgs. 29 and 30) compared to the prior year.

Key factors in decreases in other governmental fund balances are:

- The Debt Service Fund has a restricted fund balance of \$948,521 (pg. 26 and 29). This fund balance decreased during the year by \$115,458 or 10.9%. The Debt Service fund is utilized for retirement of debt financed through taxes.
- The Hotel/Motel Fund is used to account for hotel occupancy tax revenues and expenditures and shows an ending restricted fund balance of \$446,397 (pg. 89 and 93). This reflects a \$343,027 or 43.5% fund balance decrease (planned) from the prior year and \$157,645 more than budgeted (pg. 101). The City had an opportunity to purchase land on the I-35 corridor and put up a LED sign advertising Gainesville. This is expected to bring additional clients to our local hotels as well as community programs, restaurants and shops downtown. There was an increase of \$31,385 or 4.8% from the prior year. Revenues exceeded budget by \$165,755 or 32.0%, while expenditures were lower than budget by \$125,893 or 20.3% (pg. 101). Gainesville anticipates a decrease in occupancy tax due to the casino completion of an additional hotel tower.
- We expended 100% or \$2,016,362 of the 2008 and 2010 Sump funds that were reported last year.
- We continue working on the 2014 Sump Bond Project. The fund balance is \$482,092 or 9.6% down from the prior year.
- We removed the Stanford House as a Fund within the City and this decreased our Fund balance by an additional \$239,828. This is a part of the prior period adjustment (pg. 47). The Stanford House is a separate nonprofit organization, with some connection to the city, but not so much to require our including their activities in our financial statements. They are listed as a fiduciary entity in the City Audit. The city maintains ownership of the building and land.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail (pg. 32 through 37). Unrestricted net position for proprietary funds include the Water and Sewer Fund \$2,592,157; the Solid Waste Fund \$1,109,022; Stormwater Utility Fund \$1,072,870; Golf Course Fund at a negative \$71,391; and the Municipal Airport Fund at a negative \$7,474.

Gainesville's Water and Sewer Fund had a cash balance of \$3,623,347 or 217 days operating cash. Solid Waste Fund cash balance was \$1,649,632 or 238 days of operation cash. Stormwater Utility Fund cash was \$961,440 or 883 days operating cash. The Golf and Airport fund have 15 and 18 days operating cash, respectively.

City of Gainesville, Texas
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Business-type activities increased the City's net position by \$1,242,281 (pg. 8 and 25). Four of the funds categorized as business-type activities saw an increase in net position including Water and Sewer, Solid Waste, Stormwater and Golf and one of the funds (Airport) had a decrease in net position. The following are the key elements of these increases/decreases:

- The Water and Sewer Fund saw an increase in net position of \$390,318 or 6.8% and an increase in Capital Assets of \$3,817,735 or 60.9%, primarily due to reclassification of the Balance of the 2008 GO. The original allocation only allocated 0.3% of the total project to the Water & Sewer Fund the revised allocation moved 33.1% from Stormwater Funds to Water and Sewer. This realignment of the allocation reflects the true use of the bond funds.
- The Solid Waste Fund increased in net position by \$405,614 or 24.8% primarily due an increase in operating revenues \$121,942 or 3.3%. Revenues increased due to gain on disposal of assets and increased investment income. Assisting in the increased net position, operating expenses decreased \$182,083 or 6.9%.
- The Stormwater Fund increased net position by \$482,990 or 4.6%.
- The Golf Course total net position increased \$2,353 over the prior year due to extreme flooding weather throughout the year.
- The Municipal Airport decreased total net position \$38,994, mainly due to depreciation. While revenue and operating expenses both decreased, the Municipal Airport was able to complete the renovations to the pilot lounge and replace some furniture. The airport entered into an agreement with the Federal Aviation Administration and Texas Department of Transportation to purchase an additional approach to runway 35 which now allows planes to land from the South heading North during inclement weather. Customers at the airport are appreciating the transformation occurring at the airport.

Fiduciary Funds. The Stanford House was a Fund within the City. This is a part of the prior period adjustment (pg. 47). The Stanford House is a separate nonprofit organization, with some connection to the city, but not so much to require our including their activities in our financial statements. They are listed as a fiduciary entity in the City Audit. The city maintains ownership of the building and land.

General Fund Budgetary Highlights

The revenues in the original budget for FY 2015 were increased in the final budget by \$59,408 or 0.5% (pg. 81). The actual revenue total at year-end was more than the final budget by \$1,191,171 or 9.8%. The actual revenue finished greater than the final budget mainly due to higher than expected sales tax of \$1,014,640. Also, ad valorem tax (\$62,099), franchise taxes (\$31,723), beverage taxes (\$10,207), license and permits (\$60,427), investment income (\$1,120), donations (\$51,212) and other income (\$70,583) came in over final budgeted figures.

The final budget for General Fund total expenditures was decreased from the original budget by \$37,173 or 0.3%. The Capital Outlay budget decreased \$173,568 or 30.7%. Decreases were made in eleven of the twenty departments of the General Fund. The actual total expenditures for FY 2015 were \$962,769 or 6.6% under the original budget and \$925,596 or 6.3% under the final budget. Capital projects ended under the final budget by \$84,014 or 21.4%. All departments finished the year under the original and final budgets except the following: Emergency Management, Municipal Court Technology, Law Enforcement Education, Medal of Honor and City Athletic Fields.

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

The \$7,583,643 actual ending fund balance is \$66,710 (pg. 82) greater than the final budgeted amount and \$85,291 greater than the original budgeted amount. The PPA related to the insurance expenditure restatement is the cause of this difference.

Capital Asset and Debt Administration

The largest portion of the City's net position, \$24,206,547 or 52.4%, reflects its investment in capital assets (land, and improvements, buildings, infrastructure, vehicles, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$53,128,359 net of accumulated depreciation (pg. 7 and 23). The City's net capital assets increased \$3,926,260 or 8.0%. This increase is comprised of \$2,447,844 from the Governmental Activities and \$1,478,416 from the business-type activities.

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

- In FY 2012, \$3,020,000 in Certificates of Obligation were issued to continue the Street and Utility Maintenance Program (SUMP packages D and E). In FY 2015, the City sold \$4,765,000 to continue street improvements (pg. 57). Gainesville expended \$2,037,273 on SUMP projects (pg. 30) in FY 2015.
- The City continued construction on the expansion of the Moss Lake Water Treatment Plant and the Northwest Water Distribution Line. As of the end of FY 2015, \$2,386,429 was spent. This is estimated to be a \$7,096,000 project.
- The city began a Fiber Optic Project in partnership with the GEDC and Nortex Communication to bring Fiber Optic capability to the city and significantly increase city employee efficiency in all work related to the computer and internet. The first phase of this project began in FY 2014 with a cost of \$200,000. We spent \$300,700 on this project in FY 2015. The foundation of Fiber Optics will allow the City to replace our current phone system. We began this project in FY 2015 and have spent \$43,456 as of year-end. Moreover, this Fiber Optic system will allow the City to be a more attractive destination for current and new businesses opportunities because of the gigabit data speed that is now available throughout the City.
- The Stormwater Fund spent \$75,116 on a capital lease purchase for a new track loader.
- Capital Assets in the Stormwater fund decreased by \$2,130,891 and increased by \$3,817,735 in the Water and Sewer Fund due to the reclassification of the 2008 GO.
- The Solid Waste Fund purchased a new 2015 Commercial Front Load roll off truck in August 2015 for \$274,519.

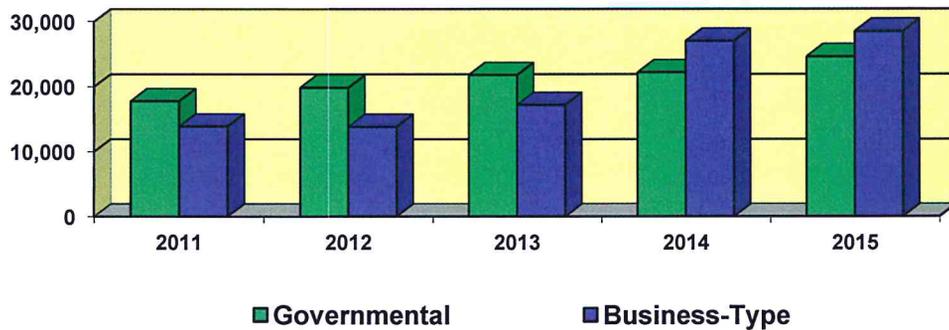
City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

Additional information on the City's capital assets can be found in note III D (pg. 54-58) of this report.

City of Gainesville
Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$1,480,532	\$1,290,167	\$7,070,999	\$7,064,477	\$8,551,531	\$8,354,644
Buildings	10,285,702	9,644,814	2,598,963	2,598,962	12,884,665	12,243,776
Improvements	86,478,235	85,996,443	30,479,548	28,303,203	116,957,783	114,299,646
Machinery & equipment	11,162,595	11,220,790	10,684,881	10,307,820	21,847,476	21,528,610
Construction in progress	4,582,038	1,820,026	6,699,575	6,691,026	11,281,613	8,511,052
Less accumulated depreciation	(89,359,101)	(87,790,083)	(29,035,608)	(27,945,546)	(112,394,709)	(115,735,629)
Total	\$24,630,001	\$22,182,157	\$28,498,358	\$27,019,942	\$53,128,359	\$49,202,099

Capital Assets
Five Year History
(in thousands)



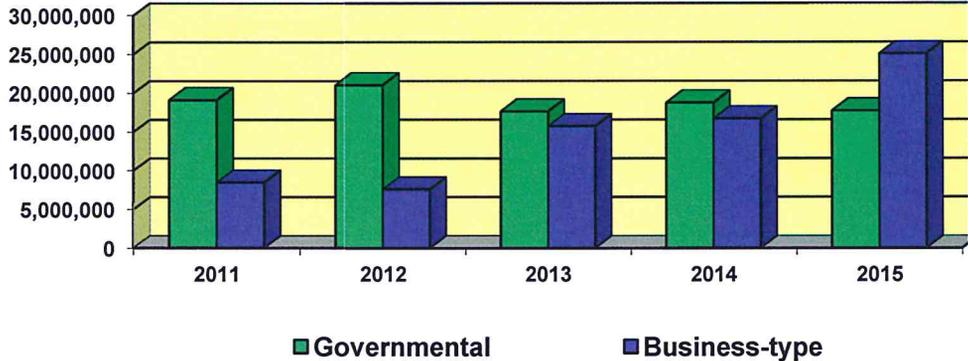
Long-Term Debt. As of September 30, 2015, the City of Gainesville had total debt outstanding of \$42,689,152 (see note III F. pg. 59). Of this amount, \$17,607,500 is in the Governmental Activities (pg. 59) and \$25,081,652 (pg. 62) is in the Business-Type Activities. The City's debt increased \$7,206,375 or 20.3% during FY 2015. Principal payments in FY 2015 were \$3,617,702 in scheduled debt payments in February and August 2015. The increase in outstanding debt reflects new debt issued in 2015 for improvements to the wastewater treatment plant totaling \$9,215,000.

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

City of Gainesville
Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$12,765,493	\$13,975,198	\$7,189,508	\$9,469,550	\$19,955,001	\$23,444,748
Certificates of obligation bonds	4,499,250	4,718,750	16,815,750	6,701,500	21,315,000	11,420,250
Premium/Disc. /Capital leases	342,757	65,908	1,076,394	551,871	1,419,151	617,779
Tax Notes payable						
Total	\$17,607,500	\$18,759,856	\$25,081,652	\$16,722,921	\$42,689,152	\$35,482,777

Outstanding Debt
Five Year History



As of September 30, 2015, Moody's assigned the City's bond ratings at "Aa3". At the same time, Standard & Poor's assigned the City's bond ratings at "AA-". The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on long-term debt.

Additional information on the City's long-term debt can be found in note III F of this report.

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 some attention to capital improvements throughout the City using excess cash instead of debt. These capital improvements are the completion of the Fiber Optic Network for \$300,700, a new roof for City Hall \$101,044, demolitions for \$20,980, Back Hoe for Cemetery \$29,605, and various streets and water projects.

The City is completing demolitions which is leading to a safer, cleaner city. Gainesville is also starting to see gentrification as older structures are being improved. Gentrification is playing a

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

large role in the City's economy with the demolition of older structures and new development on the sites. The Renaissance Care Center recently completed a \$1.3 million dollar renovation. Other businesses that have completed or started remodels or infrastructure improvements include: Bell Supply (\$275,000), Goodwill (\$425,000), Centex Flooring (\$114,000), A&P Travel Center (\$1,140,000), Atwoods (\$820,000), Petit Machinery (\$700,000) and Dmax Theatres (\$630,000). The Gainesville Economic Development Corp sold 4.6 acres of land located at the corner of I-35 and California (Hwy 51) to Rib Crib and will build a restaurant on the site and provide parcels for three additional restaurants. A 233-unit apartment complex with an estimated value of \$19 Million is planned for a parcel that used to have a baseball stadium that was demolished in FY 2015. Construction for phase one of a new multi-use subdivision (Black Hill Farm) will be completed by the end of 2015. This portion of the subdivision holds 42 residential lots. Home prices will vary from the low \$200's up to the high \$300's. Construction for phase two will begin in early 2016 and will include 24 additional single-family homes sites and 108 townhomes.

General Fund

One of the major revenue sources for the General Fund continues to be the City's 1.25-cent sales tax. The current economic situation in Gainesville is seeing sales slow due to the affects of reduced oil industry activity. The City anticipates that sales tax will be lower during 2016. Gainesville is utilizing careful budgeting and an aggressive watch on the budget. For 2016, due to the decreased tax collections expected we moved most capital expenditures to the Assigned Projects Fund to reduce the impact on our operating budgets. Gainesville expects to collect the \$650,000 or 11.5% less in sales tax revenues in FY 2016. The sales tax rebate budget is also budgeted to decrease by \$67,000 or 13.5%. This calculates to net revenue of \$4,570,000 from sales tax.

The other largest revenue source for the General Fund is ad valorem (property) taxes. Gainesville citizens voted to authorize the City to issue up to ten million dollars in bonds for the purpose of constructing, improving, extending, expanding, upgrading and developing streets and roads and bridges and intersections including utility relocation, landscaping, sidewalks, traffic safety, and operational improvements.

Based on the tax rate of \$0.697822 per \$100 of property value, the total ad valorem tax revenue (including delinquent penalties) is projected to increase over the FY 2015 budget by \$48,716 or 0.8%. Total ad valorem tax revenue (including delinquent penalties) is projected to be \$6,364,036. This is divided between the General Fund (\$4,182,347) and the Debt Service Fund (\$2,181,689).

Water and Sewer Fund

The City's enterprise funds are the Water and Sewer Fund, Solid Waste Fund, Stormwater Drainage Utility Fund, Airport Fund and Golf Fund. Revenues for Water and Sewer, Solid Waste and Golf funds are projected to increase for FY 2016 and revenues for the Stormwater and Airport Funds are projected to decrease. Overall revenue in the enterprise funds are projected to increase by 5.6% or (\$788,024) compared to the FY 2015 budget and expenditures for FY 2016 are expected to increase by 5.2% or (\$699,371).

The FY 2016 revenues are estimated to be \$8,413,013. A transfer of \$1,238,406 will be made from the Water and Sewer Utility Fund to pay for the administrative services provided by the

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

General Fund and to pay the franchise fee for use of City right-of-way, which is required from all utility services that are located in the City and is required by the City code.

Expenses are projected to increase by \$806,934 or 10.7% in FY 2016 due to debt payments on the Stormwater Treatment Plant project. Sewer fees will increase by 25% to assist in the payment of the debt.

Solid Waste Fund

The FY 2016 revenues for the Solid Waste Fund are projected to increase slightly \$65,082 or 1.7%, while the normal expenditures are anticipated to increase slightly as well, \$28,055 or 0.8%.

Other Funds

The Golf Course is projected to increase revenues by \$25,782 or 6.7% and Airport fund is projected to decrease revenues over the FY 2015 budget. Stormwater Drainage Fund is projected to decrease revenues over the FY 2015 budget. Expenses in Golf Course will increase by \$24,382 or 6.3%, Airport and Stormwater Drainage funds are projected to decrease over the FY 2015 budget \$156,294 or 12.4% and \$3,706 or 0.4%, respectively.

Additional information

The FY 2016 budget includes a personnel "pay-for-performance" program. Gainesville's compensation plan is designed to accomplish two goals: to compensate all employees in direct relation to the value of their position to the market and to compensate employees based upon their individual job contributions to the city. The City decreased the City match for retirement contributions from 10.0% to 9.5%. Gainesville is paying the full matching rate for the Texas Municipal Retirement System (TMRS). This reduces the City's actuarial loss and limits the increase in the rate for future valuations.

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

Capital projects for FY 2016 are projected to be \$2,590,000. These projects, which are funded with O & M Budgets, General Obligation and Certificates of Obligation bonds, a State Tribal Assistance Grant (STAG), Texas Department of Transportation Grant, Texas Water Development Board Water Infrastructure Funds, Homeland Security Grants, Environmental Protection Agency Grant, Bullet Proof Vest Grant and lease purchase agreements, for FY 2016 include the following:

- The Assigned Projects Fund will purchase \$112,161 of computer technology for administration and police.
- The Assigned Projects Fund will procure \$139,165 of vehicles and machinery.
- The Assigned Projects Fund will expend \$1,600,000 for demolition of the old hospital.
- The Assigned Projects Fund will invest \$13,500 for the Barn at Frank Buck Zoo.
- The Assigned Projects Fund will invest \$1,456,000 on the SUMP project.
- The Assigned Projects Fund will invest \$105,000 for the Fiber Optic Project.
- The Assigned Projects Fund will invest \$5,000 on repairs for the City Hall roof.
- The Water and Sewer fund will expend \$105,000 for new water and sewer mains.
- The Water and Sewer fund will purchase heavy equipment and vehicles for \$162,715.

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2015

- The Water and Sewer fund will spend \$118,750 on new water towers.
- The Solid Waste Department will purchase \$159,000 in equipment and machinery.
- The Stormwater Department will purchase equipment of \$137,000.
- The Peg Channel Fund will procure \$15,000 in technology for Public Education Channels in the City.
- The Assigned Project Fund will spend \$3,430,826 as listed above.
- Gainesville is continuing its \$7.9 million Street and Utility Maintenance Program (SUMP) this year using 2012 and 2014 Certificates of Obligation issuances. Packages D, E, F, G and H are under construction.
- The City continues to move forward on a \$7.9 million improvement to the Moss Lake Treatment Plant and Northwest Distribution System with a long-term contract from Greater Texoma Utility Authority.
- The waste water treatment plant has been upgraded with a \$5.7 million bond during FY 2014. Another \$9.215 million bond was issued in 2015. Phase I with Gracon Construction and Phase 2 with Kimley Horn are currently ongoing.

City-wide, every attempt has been made to use more technology to increase productivity and decrease personnel costs. Some examples of this are:

- The police and administrative departments budgeted \$81,172 and \$30,989, respectively, for technology refresh and upgrade.
- Now that we have a Fiber Optic system city-wide, we will be able to upgrade our phone system to enhance technology.
- The City will continue the implementation of automatic radio read meters for the water system at a cost of \$105,000 in FY 2016.
- In 2016, the City continues using Lean Six Sigma to improve efficiencies in City operations. This program has been implemented throughout the City. This has enabled all employees to be active participants in creating a more efficient Gainesville.



Basic
Financial Statements

CITY OF GAINESVILLE, TEXAS
STATEMENT OF NET POSITION
September 30, 2015

	PRIMARY GOVERNMENT			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash	\$ 20,987,295	\$ 6,309,791	\$ 27,297,086	\$ 914,158
Investments	45,158	-	45,158	500,000
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,188,320	-	1,188,320	176,478
Service	-	1,261,017	1,261,017	-
Other	663,093	6,316	669,409	27,543
Inventories	547	-	547	-
Total Current Assets	22,884,413	7,577,124	30,461,537	1,618,179
Noncurrent Assets:				
Restricted Assets				
Cash	-	13,767,320	13,767,320	880,469
Capital Assets (Net)	24,630,001	28,498,358	53,128,359	4,138,345
Total Noncurrent Assets	24,630,001	42,265,678	66,895,679	5,018,814
TOTAL ASSETS	47,514,414	49,842,802	97,357,216	6,636,993
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	474,409	229,723	704,132	-
Deferred Outflows Related to Pension	831,880	209,723	1,041,603	20,216
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,306,289	439,446	1,745,735	20,216
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,543,492	888,196	2,431,688	71,968
Accrued Expense	265,139	118,932	384,071	13,037
Interest Payable	75,758	259,811	335,569	-
Deposits	70,152	215,421	285,573	1,500
Current Portion-Long Term Debt	1,446,894	1,570,055	3,016,949	224,205
Total Current Liabilities	3,401,435	3,052,415	6,453,850	310,710
Noncurrent Liabilities:				
Accrued Compensated Absences	335,240	45,630	380,870	3,715
Postclosure Care Costs	-	630,627	630,627	-
Net Pension Liability	4,445,571	1,119,881	5,565,452	107,952
Long-Term Debt	16,160,606	23,511,597	39,672,203	2,058,012
Total Noncurrent Liabilities	20,941,417	25,307,735	46,249,152	2,169,679
TOTAL LIABILITIES	24,342,852	28,360,150	52,703,002	2,480,389
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS				
	170,993	42,888	213,881	4,134
NET POSITION				
Net Investment in Capital Assets	7,022,501	17,184,026	24,206,527	2,960,802
Restricted for:				
Capital Projects	4,742,723	-	4,742,723	888,469
Debt Service	948,521	-	948,521	-
Other Programs	566,685	-	566,685	-
Nonexpendable				
Restricted for Permanent Endowment	1,438,672	-	1,438,672	-
Unrestricted	9,587,756	4,695,184	14,282,940	323,415
TOTAL NET POSITION	\$ 24,306,858	\$ 21,879,210	\$ 46,186,068	\$ 4,172,686

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

CITY OF GAINESVILLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

FUNCTIONS/ACTIVITY	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION PRIMARY GOVERNMENT			COMPONENT UNIT
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
Primary Government:							
Governmental Activities							
General Government	\$ 2,134,433	\$ 22,331	\$ -	\$ (2,112,102)	\$ -	\$ (2,112,102)	\$ -
Community Development	474,022	665,918	-	191,896	-	191,896	-
Finance	424,733	-	-	(424,733)	-	(424,733)	-
Public Safety	8,469,599	375,469	47,416	(8,046,714)	-	(8,046,714)	-
Public Works	3,790,990	423,529	3,184	(3,364,277)	-	(3,364,277)	-
Bond Issuance Costs	-	-	-	-	-	-	-
Interest on Long-Term Debt	609,610	-	-	(609,610)	-	(609,610)	-
Total Governmental Activities	15,903,387	1,487,247	50,600	(14,365,540)	-	(14,365,540)	-
Business-Type Activities							
Water and Sewer	6,084,430	7,541,024	-	-	1,456,594	1,456,594	-
Municipal Airport	1,162,751	989,594	86,996	-	(86,161)	(86,161)	-
Golf Course	380,340	141,525	-	-	(238,815)	(238,815)	-
Stormwater	397,236	1,003,379	-	-	606,143	606,143	-
Solid Waste	2,454,876	3,812,793	-	-	1,357,917	1,357,917	-
Total Business-Type Activities	10,479,633	13,488,315	86,996	-	3,095,678	3,095,678	-
Total Primary Government	\$ 26,383,020	\$ 14,975,562	\$ 137,596	\$ (14,365,540)	\$ 3,095,678	\$ (11,269,862)	\$ -
Component Unit:							
Gainesville Economic Development Corp.	\$ 1,478,010	\$ 367,762	\$ -	\$ -	\$ -	\$ -	\$ (1,110,248)
General Revenues:							
Taxes							
Property Taxes				\$ 6,400,677	\$ -	\$ 6,400,677	\$ -
Sales Taxes				6,167,640	-	6,167,640	1,183,356
Franchise Fees				1,315,960	-	1,315,960	-
Occupancy Taxes				682,736	-	682,736	-
Mixed Beverage Taxes				42,079	-	42,079	-
Investment Income				18,749	11,927	30,676	2,200
Donations				51,212	-	51,212	-
Miscellaneous				308,555	-	308,555	-
Transfers In (Out) between Governmental and Business-Type Activities				1,865,324	(1,865,324)	-	-
Total General Revenues and Transfers				16,852,932	(1,853,397)	14,999,535	\$ 1,185,556
Change in Net Position				2,487,392	1,242,281	3,729,673	75,308
Net Position-October 1				25,864,222	21,604,815	47,469,037	4,191,120
Prior Period Adjustment				(4,044,756)	(967,886)	(5,012,642)	(93,742)
Net Position, October 1 as restated				21,819,466	20,636,929	42,456,395	4,097,378
Net Position-September 30				\$ 24,306,858	\$ 21,879,210	\$ 46,186,068	\$ 4,172,686

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

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Fund Financial Statements



Governmental Fund Financial Statements

CITY OF GAINESVILLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	MAJOR FUNDS						TOTAL
	GENERAL FUND	DEBT SERVICE FUND	2014 GO BOND	ASSIGNED PROJECTS FUND	STREET UTILITY MAINTENANCE	OTHER GOVERNMENTAL FUNDS	
ASSETS:							
Cash	\$ 7,223,321	\$ 948,521	\$ 4,542,247	\$ 5,658,357	\$ 215,006	\$ 2,399,843	\$ 20,987,295
Investments	45,158	-	-	-	-	-	45,158
Receivables (Net of Allowances for Uncollectibles)							
Taxes	1,144,464	43,856	-	-	-	-	1,188,320
Other	598,817	-	-	-	-	64,276	663,093
Inventory	547	-	-	-	-	-	547
Due from Other Funds	3,761	-	-	-	-	-	3,761
Interfund Receivable	-	-	-	-	-	-	-
TOTAL ASSETS	<u>9,016,068</u>	<u>992,377</u>	<u>4,542,247</u>	<u>5,658,357</u>	<u>215,006</u>	<u>2,464,119</u>	<u>22,888,174</u>
LIABILITIES:							
Accounts Payable	\$ 857,404	\$ -	\$ 24,250	\$ 5,705	\$ 214,966	\$ 105,928	\$ 1,208,253
Accrued Expenses	265,139	-	-	-	-	-	265,139
Funds Held for Others	70,152	-	-	-	-	-	70,152
Interfund Payable	-	-	-	-	-	3,761	3,761
TOTAL LIABILITIES	<u>1,192,695</u>	<u>-</u>	<u>24,250</u>	<u>5,705</u>	<u>214,966</u>	<u>109,689</u>	<u>1,547,305</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	239,730	43,856	-	-	-	-	\$ 283,586
FUND BALANCES:							
Nonspendable:							
Inventories	547	-	-	-	-	-	547
Restricted:							
Debt Service	-	948,521	-	-	-	-	948,521
Construction	-	-	4,517,997	-	-	-	4,517,997
Tourism and the Arts	-	-	-	-	-	446,397	446,397
Other	-	-	-	-	-	120,288	120,288
Committed:							
Cemetery	-	-	-	-	-	1,427,979	1,427,979
Assigned:							
Stanford House	-	-	-	-	-	-	-
Construction	-	-	-	-	40	333,992	334,032
Other	-	-	-	5,652,652	-	25,774	5,678,426
Unassigned	<u>7,583,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,583,096</u>
TOTAL FUND BALANCES	<u>7,583,643</u>	<u>948,521</u>	<u>4,517,997</u>	<u>5,652,652</u>	<u>40</u>	<u>2,354,430</u>	<u>21,057,283</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 9,016,068</u>	<u>\$ 992,377</u>	<u>\$ 4,542,247</u>	<u>\$ 5,658,357</u>	<u>\$ 215,006</u>	<u>\$ 2,464,119</u>	<u>\$ 22,888,174</u>

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

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

CITY OF GAINESVILLE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
September 30, 2015

Total Fund Balance - Total Governmental Funds \$ 21,057,283

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

Taxes and municipal court fines are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 283,586

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet; net of accumulated depreciation of \$88,450,699. 24,630,001

Interest payable on long-term debt does not require current financial resources therefore, interest payable is not reported as a liability on the governmental funds balance sheet. (75,758)

Certificates of obligation and bonds payable are not reported as liabilities in the governmental fund balance sheet. This amount represents total noncurrent liabilities related to governmental activities. (17,264,742)

Costs associated with long term debt are not reported in the governmental funds balance sheets.

Deferred Loss on Early Extinguishment of Debt	474,409
Premium on Bonds	(342,758)

Compensated absences are not reported as liabilities in the governmental fund balance sheet. (670,479)

Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$4,445,571, a deferred resource inflow in the amount of \$170,993 and a deferred resource outflow in the amount of \$831,880. This resulted in a decrease in net position by \$3,784,684. (3,784,684)

Net Position of Governmental Activities \$ 24,306,858

CITY OF GAINESVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	MAJOR FUNDS						TOTAL
	GENERAL	DEBT SERVICE FUND	2014 GO BONDS	ASSIGNED PROJECTS FUND	STREET UTILITY MAINTENANCE	OTHER GOVERNMENTAL FUNDS	
REVENUES:							
Taxes							
Ad Valorem Taxes	\$ 4,141,022	\$ 2,276,537	\$ -	\$ -	\$ -	\$ -	\$ 6,417,559
Sales Taxes	6,167,640	-	-	-	-	-	6,167,640
Franchise Tax	1,315,960	-	-	-	-	-	1,315,960
Occupancy Tax	-	-	-	-	-	682,736	682,736
Mixed Beverage Tax	42,079	-	-	-	-	-	42,079
Service Charges	831,026	-	-	-	-	15,720	846,746
License & Permits	242,701	-	-	-	-	22,331	265,032
Fines & Forfeitures	350,142	-	-	-	-	32,336	382,478
Investment Income	6,120	1,673	3,366	3,199	874	3,521	18,753
Intergovernmental Revenues	47,416	-	-	-	-	3,184	50,600
Donations	51,212	-	-	-	-	-	51,212
Other Income	199,907	9,720	3,410	-	-	124,755	337,792
TOTAL REVENUES	13,395,225	2,287,930	6,776	3,199	874	884,583	16,578,587
EXPENDITURES:							
Current							
General Government	1,424,952	88,854	158	22,753	-	271,277	1,807,994
Community Development	417,969	-	-	-	-	-	417,969
Finance	428,260	-	-	-	-	-	428,260
Public Safety	8,051,964	-	-	-	-	37,780	8,089,744
Public Works	3,085,095	-	-	-	-	48,431	3,133,526
Debt Service							
Principal	-	1,429,204	-	-	-	-	1,429,204
Interest	-	603,212	-	-	-	-	603,212
Capital Outlay	308,048	-	488,710	396,918	2,037,273	765,615	3,996,564
TOTAL EXPENDITURES	13,716,288	2,121,270	488,868	419,671	2,037,273	1,123,103	19,906,473
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(321,063)	166,660	(482,092)	(416,472)	(2,036,399)	(238,520)	(3,327,886)
OTHER FINANCING SOURCES (USES):							
Funds Transferred In	2,779,289	-	-	2,021,419	20,037	285,195	5,105,940
Funds Transferred Out	(2,349,498)	(282,118)	-	(59,549)	-	(549,451)	(3,240,616)
TOTAL OTHER FINANCING SOURCES (USES):	429,791	(282,118)	-	1,961,870	20,037	(264,256)	1,865,324
NET CHANGE IN FUND BALANCES	108,728	(115,458)	(482,092)	1,545,398	(2,016,362)	(502,776)	(1,462,562)
FUND BALANCE - Oct 1 as previously reported	7,408,205	1,063,979	5,000,089	4,107,254	2,016,402	3,097,034	22,692,963
PRIOR PERIOD ADJUSTMENT	66,710	-	-	-	-	(239,828)	(173,118)
FUND BALANCE-OCT 1, as restated	7,474,915	1,063,979	5,000,089	4,107,254	2,016,402	2,857,206	22,519,845
FUND BALANCE - September 30	\$ 7,583,643	\$ 948,521	\$ 4,517,997	\$ 5,652,652	\$ 40	\$ 2,354,430	\$ 21,057,283

CITY OF GAINESVILLE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (1,462,562)
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the government-wide statement of net position in the current period.	3,996,564
In the government wide statement of activities and changes in net position, loss on disposal of fixed assets is recognized. The effect of this adjustment is to reduce changes in net position.	(29,238)
Amortization of costs associated with debt are reported in the government-wide financial statements but not governmental funds as it does not require the use of current financial resources. The current year amortization on these costs are:	
Amortization of Loss on Early Extinguishment of Debt	(48,950)
Amortization of Bond Premium	21,637
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(1,519,483)
Compensated absences are accrued on the government-wide statement of net position but do not require the use of current financial resources. The current period change in compensated absences is reported in the government-wide statement of activities and changes in net position. The current period net decrease in compensated absences is not reported as expenditures in governmental funds.	(52,196)
Accrued interest expense on long-term debt is reported in the government-wide financial statements but not governmental funds as it does not require the use of current financial resources; therefore, this is the current period change in accrued interest expense.	(6,398)
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.	1,429,204
Taxes & municipal court fines in the statement of activities do not provide current financial resources therefore, these are not reported as revenues in governmental funds.	(23,890)
The implementation of GASB 68 required that certain expenditures be de-expensed and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/14 caused the change in the ending net position to increase in the amount of \$578,380. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(643,081). The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by \$247,405. The result of these changes is to increase the change in net position by \$182,704.	182,704
Change in Net Position of Governmental Activities	<u>\$ 2,487,392</u>

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

CITY OF GAINESVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	WATER & SEWER	MUNICIPAL AIRPORT	SOLID WASTE	STORMWATER	OTHER ENTERPRISE FUNDS GOLF FUND	TOTAL
ASSETS						
Cash	\$ 3,623,347	\$ 59,190	\$ 1,649,632	\$ 961,440	\$ 16,182	\$ 6,309,791
Receivables (Net of Allowances for Uncollectibles)						
Service	771,815	2,585	381,522	105,095	-	1,261,017
Other	6,316	-	-	-	-	6,316
Interfund Receivables	-	-	-	-	-	-
Total Current Assets	4,401,478	61,775	2,031,154	1,066,535	16,182	7,577,124
Noncurrent Assets:						
Restricted Assets:						
Cash	13,767,320	-	-	-	-	13,767,320
Interfund Receivables	-	-	-	-	-	-
Capital Assets (net)	10,087,822	3,681,880	2,315,699	12,354,176	58,781	28,498,358
Total Noncurrent Assets	23,855,142	3,681,880	2,315,699	12,354,176	58,781	42,265,678
TOTAL ASSETS	28,256,620	3,743,655	4,346,853	13,420,711	74,963	49,842,802
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Refunding	70,183	5,972	95,098	53,022	5,448	229,723
Deferred Outflow Related to Pension	125,452	8,611	54,367	4,749	16,544	209,723
TOTAL DEFERRED OUTFLOWS OF RESOURCES	195,635	14,583	149,465	57,771	21,992	439,446
LIABILITIES						
Current Liabilities:						
Accounts Payable	770,368	27,398	74,677	8,965	6,788	888,196
Accrued Expense	64,702	5,795	38,080	2,326	8,029	118,932
Interfund Payables	-	-	-	-	-	-
Interest Payable	239,490	656	5,620	13,742	303	259,811
Customer Deposits	212,514	-	2,832	75	-	215,421
Capital Leases Payable-Current Portion	61,948	-	-	-	-	61,948
Revenue Bonds Payable-Current Portion	936,681	31,223	280,550	253,026	6,627	1,508,107
Total Current Liabilities	2,285,703	65,072	401,759	278,134	21,747	3,052,415
Noncurrent Liabilities:						
Accrued Compensated Absences	22,335	2,243	18,333	-	2,719	45,630
Postclosure Care Costs Payable	-	-	630,627	-	-	630,627
Net Pension Liability	669,892	45,979	290,310	25,357	88,343	1,119,881
Revenue Bonds Payable	19,160,491	154,885	1,353,104	2,787,226	55,891	23,511,597
Total Noncurrent Liabilities	19,852,718	203,107	2,292,374	2,812,583	146,953	25,307,735
TOTAL LIABILITIES	22,138,421	268,179	2,694,133	3,090,717	168,700	28,360,150
DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS						
	25,655	1,761	11,118	971	3,383	42,888
NET POSITION						
Net Investment in Capital Assets	3,696,022	3,495,772	682,045	9,313,924	(3,737)	17,184,026
Unrestricted	2,592,157	(7,474)	1,109,022	1,072,870	(71,391)	4,695,184
TOTAL NET POSITION	\$ 6,288,179	\$ 3,488,298	\$ 1,791,067	\$ 10,386,794	\$ (75,128)	\$ 21,879,210

CITY OF GAINESVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>WATER & SEWER</u>	<u>MUNICIPAL AIRPORT</u>	<u>SOLID WASTE</u>	<u>STORMWATER</u>	<u>OTHER ENTERPRISE FUNDS GOLF FUND</u>	<u>TOTAL</u>
OPERATING REVENUES						
Charges for Services	\$ 7,514,434	\$ 989,594	\$ 3,801,822	\$ 1,003,379	\$ 137,720	\$13,446,949
Grant Revenue	-	86,996	-	-	-	86,996
Other Income	26,590	-	10,971	-	3,805	41,366
TOTAL OPERATING REVENUES	<u>7,541,024</u>	<u>1,076,590</u>	<u>3,812,793</u>	<u>1,003,379</u>	<u>141,525</u>	<u>13,575,311</u>
OPERATING EXPENSES						
Salaries and Benefits	1,633,853	105,375	709,914	72,239	231,462	2,752,843
Supplies, Materials, Repair and Maintenance	883,787	755,882	318,357	12,226	47,377	2,017,629
Heat, Light and Power	699,284	28,929	11,962	-	22,114	762,289
Lease Payments	1,027,457	14,400	-	-	-	1,041,857
Other	546,945	29,606	1,079,322	36,417	48,366	1,740,656
Depreciation	773,891	199,502	340,632	111,658	28,022	1,453,705
TOTAL EXPENSES	<u>5,565,217</u>	<u>1,133,694</u>	<u>2,460,187</u>	<u>232,540</u>	<u>377,341</u>	<u>9,768,979</u>
OPERATING INCOME (LOSS)	<u>1,975,807</u>	<u>(57,104)</u>	<u>1,352,606</u>	<u>770,839</u>	<u>(235,816)</u>	<u>3,806,332</u>
NONOPERATING REVENUES (EXPENSES)						
Reevaluation of Postclosure Care Costs	-	-	(6,260)	-	-	(6,260)
Amortization of Bond Premium	42,703	(680)	(14,377)	(4,129)	(516)	23,001
Bond Issuance Costs	(96,778)	-	-	-	-	(96,778)
Donations	-	-	-	-	-	-
Gain (Loss) on Disposal of Fixed Assets	-	(22,768)	71,962	-	-	49,194
Investment Income	8,133	58	1,798	1,938	-	11,927
Interest Expense	(465,138)	(5,609)	(46,014)	(160,567)	(2,483)	(679,811)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(511,080)</u>	<u>(28,999)</u>	<u>7,109</u>	<u>(162,758)</u>	<u>(2,999)</u>	<u>(698,727)</u>
INCOME BEFORE TRANSFERS	<u>1,464,727</u>	<u>(86,103)</u>	<u>1,359,715</u>	<u>608,081</u>	<u>(238,815)</u>	<u>3,107,605</u>
TRANSFERS						
Transfers In	123,348	47,109	-	102,515	241,168	514,140
Transfers Out	(1,197,757)	-	(954,101)	(227,606)	-	(2,379,464)
NET TRANSFERS	<u>(1,074,409)</u>	<u>47,109</u>	<u>(954,101)</u>	<u>(125,091)</u>	<u>241,168</u>	<u>(1,865,324)</u>
CHANGE IN NET POSITION	<u>390,318</u>	<u>(38,994)</u>	<u>405,614</u>	<u>482,990</u>	<u>2,353</u>	<u>1,242,281</u>
NET POSITION, OCTOBER 1	5,760,543	3,565,368	1,634,703	10,644,178	23	21,604,815
PRIOR PERIOD ADJUSTMENT	137,318	(38,076)	(249,250)	(740,374)	(77,504)	(967,886)
NET POSITION, OCTOBER 1, AS RESTATED	<u>5,897,861</u>	<u>3,527,292</u>	<u>1,385,453</u>	<u>9,903,804</u>	<u>(77,481)</u>	<u>20,636,929</u>
NET POSITION, SEPTEMBER 30	<u>\$ 6,288,179</u>	<u>\$ 3,488,298</u>	<u>\$ 1,791,067</u>	<u>\$ 10,386,794</u>	<u>\$ (75,128)</u>	<u>\$21,879,210</u>

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

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CITY OF GAINESVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	WATER AND SEWER FUND	MUNICIPAL AIRPORT	SOLID WASTE FUND	STORMWATER	OTHER ENTERPRISE FUND GOLF	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 7,735,595	\$ 1,139,655	\$ 3,767,365	\$ 1,005,162	\$ 141,564	\$ 13,789,341
Payments to Suppliers for Goods and Services	(2,589,832)	(808,880)	(1,460,565)	(119,171)	(117,878)	(5,096,326)
Payments to Employees	(1,644,629)	(103,494)	(722,929)	(73,837)	(235,387)	(2,780,276)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,501,134</u>	<u>227,281</u>	<u>1,583,871</u>	<u>812,154</u>	<u>(211,701)</u>	<u>5,912,739</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers In	123,348	47,109	-	102,515	241,168	514,140
Transfers Out	(1,197,757)	-	(954,101)	(227,606)	-	(2,379,464)
Payments Made on Loans from Other Funds	-	-	-	-	(5,000)	(5,000)
Receipts From Loans from Other Funds	-	(85,000)	-	-	-	(85,000)
Payments Received on Loans to Other Funds	-	-	90,000	-	-	90,000
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(1,074,409)</u>	<u>(37,891)</u>	<u>(864,101)</u>	<u>(125,091)</u>	<u>236,168</u>	<u>(1,865,324)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(2,581,830)	(85,816)	(300,337)	(29,990)	-	(2,997,973)
Proceeds from Sale of Assets	-	1,857	73,646	-	-	75,503
Proceeds from Debt Issuance	9,956,436	-	-	-	-	9,956,436
Payment of Bond Issuance Costs	(96,778)	-	-	-	-	(96,778)
Payment of Postclosure Care Costs	-	-	-	-	-	-
Principal Paid on Bonds and Certificates of Obligation	(789,396)	(41,359)	(281,812)	(395,530)	(6,633)	(1,514,730)
Interest and Paying Agent Fees Paid on Bonds, Notes, and Certificates of Obligation	(259,297)	(5,750)	(46,537)	(169,799)	(2,511)	(483,894)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>6,229,135</u>	<u>(131,068)</u>	<u>(555,040)</u>	<u>(595,319)</u>	<u>(9,144)</u>	<u>4,938,564</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on Investments	8,133	57	1,797	1,937	-	11,924
Proceeds from Maturities of Investments	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>8,133</u>	<u>57</u>	<u>1,797</u>	<u>1,937</u>	<u>-</u>	<u>11,924</u>
INCREASE (DECREASE) IN CASH DURING YEAR	<u>8,663,993</u>	<u>58,379</u>	<u>166,527</u>	<u>93,681</u>	<u>15,323</u>	<u>8,997,903</u>
CASH - October 1	<u>8,726,674</u>	<u>811</u>	<u>1,483,105</u>	<u>867,759</u>	<u>859</u>	<u>11,079,208</u>
CASH - September 30	<u>\$ 17,390,667</u>	<u>\$ 59,190</u>	<u>\$ 1,649,632</u>	<u>\$ 961,440</u>	<u>\$ 16,182</u>	<u>\$ 20,077,111</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 1,975,807	\$ (57,104)	\$ 1,352,606	\$ 770,839	\$ (235,816)	\$ 3,806,332
Adjustments:						
Depreciation Expense	773,891	199,502	340,632	111,658	28,022	1,453,705
Prior Period Adjustment	15,280	2,943	9,746	1,918	1,309	31,196
Pension Expense	(27,538)	(1,890)	(11,934)	(1,042)	(3,632)	(46,036)
Change In Assets and Liabilities:						
Receivables, Net	186,527	63,065	(45,265)	1,783	39	206,149
Inventories	-	-	-	-	-	-
Accounts Payable	595,179	19,937	(50,924)	(70,528)	(21)	493,643
Accrued Expense	(26,056)	828	(10,827)	(2,474)	(1,602)	(40,131)
Customer Deposits	8,044	-	(163)	-	-	7,881
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,501,134</u>	<u>\$ 227,281</u>	<u>\$ 1,583,871</u>	<u>\$ 812,154</u>	<u>\$ (211,701)</u>	<u>\$ 5,912,739</u>
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital Assets Acquired with Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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



Proprietary Fund
Financial Statements

CITY OF GAINESVILLE, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
STANFORD HOUSE
SEPTEMBER 30, 2015

	STANFORD HOUSE
ASSETS:	
Cash	\$ 101,641
Investments, fair value	163,128
TOTAL ASSETS	<u>264,769</u>
LIABILITIES:	
Accounts Payable	<u>3,717</u>
NET POSITION	<u>\$ 261,052</u>

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

CITY OF GAINESVILLE, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
STANFORD HOUSE
SEPTEMBER 30, 2015

	STANFORD HOUSE
ADDITIONS	
Rental income	\$ 8,267
Activities income	116,337
Contributions	22,905
Subtotal	147,509
Investment income:	
Interest & dividends	5,778
Realized gains & losses	5,833
Net appreciation in fair value of investments	(19,362)
Subtotal	(7,751)
TOTAL ADDITIONS	139,758
DEDUCTIONS	
Salaries & benefits	46,197
Supplies	7,943
Maintenance	8,185
Other	56,209
TOTAL DEDUCTIONS	118,534
NET INCREASE IN NET POSITION	21,224
NET POSITION, OCTOBER 1	239,828
NET POSITION, SEPTEMBER 30	\$ 261,052

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



Notes to Basic
Financial Statements

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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 are 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" as 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.

B. Financial 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 and
- 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 Units

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:

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 sales 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.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component unit. Activities for the primary government and its component unit are reported separately in the government-wide financial statements. For the most part, the effect of interfund activity between governmental activities and business-type activities has been eliminated in these statements. Interfund services provided and used are not eliminated in the process of consolidation.

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, 2014 to September 30, 2015. 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 the means by which 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 the 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 at September 30, 2015:

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General Fund – The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those that are required to be accounted for in another fund.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of general long-term debt principal and interest.

2014 GO Bond Fund - This fund accounts for the street utility maintenance project funded by the 2014 General Obligation Bonds.

Assigned Projects Fund - These funds are to be used for construction, improvements and purchase of capital assets.

Street Utility Maintenance Fund - These funds are used to account for street utility maintenance projects.

The City reports the following major proprietary funds at September 30, 2015:

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 for landfill closure and postclosure care costs.

The City also has the following nonmajor funds:

Nonmajor Special Revenue Funds - Municipal Court Technology, Municipal Court Security, Hotel/Motel, Law Enforcement Education, G.I.V.E., Juvenile Case Manager, Medal or Honor, City Athletic Fields, Flood Repairs, Cable Peg Fee, Federal Seizure, State Seizure, Construction Projects, Cemetery Permanent and Cohen Scholarship, which are used to account for and report the proceeds of financial resources that are restricted, committed, or assigned to expenditure for the specific purposes of the individual funds.

Fiduciary Fund Types- Private Purpose Trust Fund which is used to account for and report assets held by the City in a trustee capacity. The City's private purpose trust fund is the Stanford House.

D. Measurement Focus and Basis of Accounting

1. Governmental Funds

The City uses the *modified accrual* basis of accounting and the flow of *current financial resources* measurement focus for all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when both "measurable and available." Measurable means knowing, or being capable of calculating or estimating, the amount to be received.

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Available means collectible within the current period or soon enough thereafter to pay current liabilities (generally 60 days). Also, under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded in the period in which the related fund liability is incurred, except for general obligation bond principal and interest, which is recorded when due rather than when incurred.

Major revenue sources susceptible to accrual in the governmental funds include the following:

- Property taxes are billed and collected by the Cooke County Appraisal District (CCAD) based on assessed taxable values each January 1 as determined by the CCAD using exemptions approved by the City. Taxes are levied and due on the next October 1 and are past due after January 31 of the following year. Tax liens are automatic on January 1 for each year of tax levy. Property taxes receivable are recorded on October 1 when taxes are assessed with a reserve estimate for uncollectable. Property tax revenues are recorded as the taxes are collected. Delinquent tax payments are recognized as revenue when both measurable and available. Additional amounts estimated to be collectible in time to be a resource payment of obligations incurred during the fiscal year and, therefore, susceptible to accrual in accordance with General Accepted Accounting Principles have been recognized as revenue.
- Sales taxes are collected by the State and remitted to the City monthly in 60 days arrears. The City recognizes sales tax revenues when collected from the State. Additional amounts estimated to be collectible in time to be a resource payment of obligations incurred during the fiscal year and, therefore, susceptible to accrual in accordance with General Accepted Accounting Principles have been recognized as revenue. The City allocates its sales tax revenues to the General Fund and Gainesville Economic Development Fund pursuant to City ordinances and State statutes.
- Intergovernmental revenues are recognized when the qualifying expenditures are incurred and all other grant requirements have been met for reimbursement expenditure grants. The availability period for intergovernmental revenues is 60 days.

2. Proprietary Funds

The *accrual* basis of accounting and flow of *economic resources* measurement focus are used for the government-wide statements and in all proprietary fund types. Under the accrual basis of accounting, revenues are recognized when earned, and expenses (including depreciation) are recorded when the liability is incurred.

The accounting objectives are determination of net income, financial position and cash flows. On the government-wide and proprietary fund statements of net position, equity is segregated into (1) invested in capital assets, net of related debt; (2) restricted net position, and (3) unrestricted net position.

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

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income (loss), is appropriate for capital maintenance, public policy, management

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control, accountability or other purposes. The enterprise funds of the City are classified as business-type activities in the government-wide statements of net position and activities.

Internal Service Funds – Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. The City has no internal service funds.

3. Fiduciary Funds - This fund accounts for assets held by the City in a trustee capacity. As such fiduciary funds are not reported in the government-side statements. The City's fiduciary fund is the Stanford House.

E. Assets, Liabilities, Fund Balance/Net Position and Other

1. Deposits and Investments

Cash in all funds, including restricted cash, is pooled into common pooled accounts in order 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.

2. Receivables and Payables

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, 2015, was derived by taking the cycle billings that the City billed customers in October and prorating the amount 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.

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

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.

3. Inventories

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Inventory is recorded at cost when purchased, with a corresponding reservation of fund balance shown for governmental fund-type inventories and charged to expenditures when consumed. General Fund supplies and materials inventory are recorded as expenditures on an actual specific cost basis. Inventories are stated at lower of cost or market, using the last-in, first-out method.

4. 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 are recorded at their fair market value on the date donated. 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:

Buildings, systems, and improvements	15-30 years
Machinery, vehicles, and other equipment	3-15 years
Furniture and fixtures	3-10 years
Infrastructure	25-40 years

5. Encumbrances

Encumbrance accounting is used for governmental funds. Encumbrances are recorded when a purchase order is issued, and encumbrances are not considered expenditures until a liability for payment is incurred. There were no outstanding encumbrances as of September 30, 2015.

6. Compensated Absences

Vacation Leave – All regular, full-time employees accrue vacation time. Regular part-time employees (employed on a year-round, part-time basis) that work at least 20 hours but less than 40 hours per week accrue benefits on a half-time basis. Employees are eligible for vacation time after six (6) full months of employment. Vacation hours for eligible employees are accrued on a monthly basis.

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

1 – 9 years	10 days per year
10 – 19 years	15 days per year
20 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

The maximum allowed carry-over of vacation time is 140 hours per calendar year for all regular employees. The maximum for Fire Department employees is nine (9) shifts (216 hours). Upon termination of employment with the City, employees are paid for accrued but unused vacation time.

The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees and are included in wages and benefits payable. Resources from the General Fund are used to liquidate the governmental funds liabilities compensated absences.

Sick Leave – An employee is eligible to receive and use sick leave after the completion of one full month of regular employment. Sick leave is earned at a rate of eight (8) hours per month for all regular full-time employees, up to a maximum of 90 days (720 hours). Fire Department employees earn sick leave at a rate of twelve (12) hours per month, up to a maximum of 1,080 hours. Regular part-time employees (employed on a year-round part-time basis) that work at least 20 hours but less than 40 hours per week

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accrue benefits on a half-time basis. Upon termination of employment with the City, employees do not receive compensation for accrued but unused sick leave; therefore, no liability is recorded for accumulated sick leave.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gain/loss on refunding are reported as deferred outflow/inflow and recognized as a component of interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net Position

Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Unspent debt proceeds are not used in this calculation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net investment in capital assets for the Water & Sewer fund has been calculated as follows:

Capital assets net of accumulated depreciation		\$ 10,087,822
Bonds & leases payable	\$ 20,159,120	
Less unspent bond funds	<u>(13,767,320)</u>	<u>6,391,800</u>
Net investment in capital assets		<u>\$ 3,696,022</u>

9. Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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Assigned fund balance. This classification reflects the amounts contained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When multiple categories of fund balance are available for expenditure and approved for use by the City Council, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

10. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position applying to a future period and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City has reported deferred outflows of resources related to the deferred charge on refunding and the deferred charge related to net pension liability.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applying to a future period and will not be recognized as an inflow of resources, or revenues, until that time. The City has reported deferred inflows of resources related to the net pension liability on the statement of net position. On the Balance sheet for governmental funds, the City has reported deferred inflows of resources related to unavailable revenues.

11. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

12. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and TESRS. 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.

13. Prior Period Adjustments

Adjustments have been recorded to the beginning net position. The details of the adjustments are as follows:

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	Net Position at 9/30/2014 as Previously Reported	Correction of Prior Year Expense	Re-evaluation of 2008 General Obligation Bond	Reclassification of Stanford House as Agency	Implementation of GASB 68 related to Net Pension Liability	Net Position at 9/30/2015 as Restated
Governmental Wide Information						
Governmental Activities	\$ 25,864,222	\$ 162,460	\$ -	\$ (239,828)	\$ (3,967,388)	\$ 21,819,466
Business-Type Activities	21,604,815	31,197	-	-	(999,083)	20,636,929
Fund Financial Statements						
Governmental Funds						
General Fund	7,408,205	66,710	-	-	-	7,474,915
Non major Funds	3,097,034	-	-	(239,828)	-	2,857,206
Proprietary Funds:						
Water & Sewer	5,760,543	15,280	719,671	-	(597,633)	5,897,861
Municipal Airport	3,565,368	2,943	-	-	(41,019)	3,527,292
Solid Waste	1,634,703	9,746	-	-	(258,996)	1,385,453
Stormwater	10,644,178	1,919	(719,671)	-	(22,622)	9,903,804
Non major Funds	23	1,309	-	-	(78,813)	(77,481)
Component Unit	4,191,120	2,565	-	-	(96,307)	4,097,378

One adjustment was needed to correct prior year insurance expense charged to the wrong period. During the current fiscal year, the City re-evaluated how the 2008 General Obligation Bond was allocated between funds. An entry was needed to move previous activity related to this bond issue from Stormwater Fund to Water & Sewer Fund. The City also reclassified the Stanford House Fund from a special revenue fund to a fiduciary fund. In order to implement GASB No. 68, entries were made to reflect prior year activity. See footnote II.I for additional information.

14. New Pronouncements

In FY 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The effects of implementing this statement had a material effect on net position. The City recognized the net pension liability on the statement of net position. The net pension liability totaled \$5,673,404 as of September 30, 2015 and is based on the total pension liability minus the fiduciary net position of the plans. Note disclosure and required supplementary information are now based on the new standard.

In conjunction with GASB No. 68, the City also implemented GASB Statement No. 71, *Pension Transition for Contributions Made subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement required that the City record a beginning deferred outflow of resources for contributions made between the measurement date of December 31, 2013 for TMRS and August 31, 2014 for TESRP and our fiscal year-end of September 30, 2015.

As a result of the implementation of GASB Statement No. 68, the City recorded a prior period adjustment to beginning net position in proprietary fund financial statements and government-wide governmental activities. In addition, the City was required to eliminate the net pension obligation that

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was previously reported in the proprietary fund financial statements and government-wide statements with a prior period adjustment.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policies

The City's fiscal year begins on 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 persons are encouraged to comment concerning the proposed budget.

The budget for the subsequent fiscal year, as well as the current year 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 Enterprise Funds. Project-length budgets are adopted for Capital Project Funds. Encumbered appropriations are carried forward to the next fiscal year and become part of that year's appropriations, while unencumbered appropriations lapse at fiscal year-end. 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 Education, G.I.V.E, City Athletic Fields, Federal Seizure, State Seizure, Juvenile Case Manager, Medal of Honor, 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; however, none were considered material.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2015, expenditures exceeded appropriations in the following funds:

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General Fund	
Emergency Management	\$ 3,474
Nonmajor Governmental Funds:	
Municipal Court Technology	5,052
Law Enforcement Education	3
Medal of Honor	5,712
City Athletic Fields	1,639

C. Deficit Fund Equity

The Golf Course Fund is reporting a deficit fund balance in the amount of \$75,128. This deficit was the result of posting the entries for the net pension liability in the amount of \$78,813.

III. DETAILED NOTES ON ALL FUNDS

A. Cash

Cash on Hand	\$ 5,950
Cash Equivalents - TexStar & TexPool	39,289,400
Cash in Banks	3,665,324
Total Cash and Cash Equivalents	<u>\$ 42,960,674</u>

	Governmental Activities	Business Activities	Agency Fund	Component Unit	Total
Cash and Cash Equivalents	\$ 20,987,295	\$ 6,309,791	\$ 101,641	\$ 914,158	\$ 28,312,885
Restricted Cash and Cash Equivalents	-	13,767,320	-	880,469	14,647,789
Totals	<u>\$ 20,987,295</u>	<u>\$ 20,077,111</u>	<u>\$ 101,641</u>	<u>\$ 1,794,627</u>	<u>\$ 42,960,674</u>

The funds of the City must be deposited and invested under the terms of a depository contract; contents of which are set out in the *Depository Contract Law*. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Deposits - At September 30, 2015, the City had \$5,950 of cash on hand. The carrying amount of the City's cash in bank totaled \$2,559,298 and bank balance was \$2,776,401. During the year, the deposits were fully covered by Federal Depository Insurance amounting to \$250,000 and with securities held by the pledging financial institution in the depositor-government's name amounting to \$8,258,007. The carrying amount of the Gainesville Economic Development Corporation's cash as of September 30, 2015, as reflected in the statement of net position was \$1,106,028 and the bank balance was \$1,112,559. Deposits of the GEDC component unit were not fully covered. The City believes the financial institutions to be high quality, which limits the risk of loss of uninsured balances.

Investments -

	Governmental Activities	Business Activities	Agency Fund	Component Unit	Total
Investments	\$ 45,158	-	\$ 163,128	\$ 500,000	\$708,286

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The City is required by Government Code Chapter 2256, the Public Funds Investment Act to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The City's investment policy complies with the Public Funds Investment Act provisions.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments, which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper. The City's investments were in accordance with the Act.

Public Funds Investment Pool – The City's temporary investments consist of balances held by the Texas Short-Term Asset Reserve Program (TexSTAR) and the Texas Local Government Investment Pool (TexPool).

TexSTAR is an investment pool created by the initial participants for the joint investment of the participants' public funds and funds under their control. TexSTAR was created under the authority of applicable Texas law, including the Cooperating Act and the Investment Act. A governing board manages the business and affairs of TexSTAR. The governing board has appointed an Advisory Board consisting of representatives of participants and other persons who do not have a business relationship with TexSTAR and are qualified to advise the board.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designations of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board member reviews the investment policy and management fee structure.

Both public fund investment pool agencies operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 and is rated AAAm by Standard and Poors. All investments are stated at amortized cost, and accordingly, the fair value of the position of the pool funds are the same as the value of shares. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poors, as well as the Office of the Comptroller of Public Accounts for review. Deposits held in these public funds investment pools are not subject to custodial credit risk. The City had \$4,245,800 on deposit with TexPool and \$34,325,494 on deposit with TexStar at September 30, 2015. The GEDC had \$718,106 on deposit with TexStar at September 30, 2015.

Custodial Credit Risk – The risk that in the event of a bank failure, the City's deposits may not be returned to it. It is the policy of the City that their deposits are to be covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City. At September 30, 2015, the City had no cash deposits that were exposed to custodial credit risk. Deposits of the GEDC component unit were not fully covered. The City believes the financial institutions to be high quality, which limits the risk of loss of uninsured balances

Interest Rate Risk - The risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair

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value to changes in market interest rates. The City's policy is to invest in securities that have maturities of less than 12 months and therefore are not exposed to interest rate risk.

Credit Risk -The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. According to the City's investment policy, to mitigate credit risk, funds shall be invested in U. S. Treasury Bonds, Notes, and Bills and "highly liquid" U.S. Agency securities. Presented below is the rating as of year-end for each investment type.

Fair value of assets measured on a recurring basis of the GEDC at September 30, 2015 is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Component Unit				
Certificates of Deposit	500,000		500,000	

Concentration of Credit Risk - The risk of loss attributable to the magnitude of a government's investment in a single issuer. At year-end, neither the City nor the GEDC was exposed to concentration of credit risk.

B. Receivables

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the City. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the City is the responsibility of the Cooke County Appraisal District (CCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. CCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the City, may challenge orders of the CCAD Review Board through various appeals and, if necessary, legal action.

Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate approved by the Board. For the year ended September 30, 2015, the rates were \$.445078 and \$.200922, respectively, per \$100 of assessed value. At September 30, 2015, the City had a tax margin of \$1.854002 for every \$100 valuation based upon a maximum *ad valorem* tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional Law.

Receivables as of September 30, 2015, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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	Governmental Funds			
	General Fund	Debt Service	Nonmajor Funds	Total
Property Taxes	\$ 113,549	\$ 60,271	\$ -	\$ 173,820
Sales Tax	1,058,869	-	-	1,058,869
Other Local Fees	-	-	64,195	64,195
Franchise Fees	309,139	-	-	309,139
Court Warrants	508,434	-	-	508,434
Grants	16,634	-	-	16,634
Other	17,064	-	81	17,145
	<u>2,023,689</u>	<u>60,271</u>	<u>64,276</u>	<u>2,148,236</u>
Allowance for Uncollectibles	(280,408)	(16,415)	-	(296,823)
Net Receivables	<u>\$ 1,743,281</u>	<u>\$ 43,856</u>	<u>\$ 64,276</u>	<u>\$ 1,851,413</u>

	Proprietary Funds					Total
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor-Golf Fund	
Service Receivables	\$ 779,998	\$ 2,459	\$ 242,142	\$ 106,273	\$ -	\$ 1,130,872
Other	6,316	126	145,041	-	-	151,483
	<u>786,314</u>	<u>2,585</u>	<u>387,183</u>	<u>106,273</u>	<u>-</u>	<u>1,282,355</u>
Allowance for Uncollectibles	(8,183)	-	(5,661)	(1,178)	-	(15,022)
Net Receivables	<u>\$ 778,131</u>	<u>\$ 2,585</u>	<u>\$ 381,522</u>	<u>\$ 105,095</u>	<u>\$ -</u>	<u>\$ 1,267,333</u>

C. Interfund Receivables, Payables, and Transfers

1. Interfund Receivables and Payables

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary-type funds financial statements generally reflect such transactions as transfers. Proprietary funds record operating subsidies as other income, whereas the fund paying the subsidy records it as an expenditure.

Interfund receivable and payable balances at September 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Non major governmental fund	\$ 3,761

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.

2. Interfund Transfers

The following is a summary of interfund operating transfers:

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<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor Governmental Funds	\$ 416,862
	Water & Sewer Utility	1,197,757
	Stormwater Utility	207,569
	Solid Waste Utility	954,101
	Permanent Fund	3,000
Assigned Projects	General Fund	2,021,419
Street Utility Maintenance	Water & Sewer Utility	20,037
Nonmajor Governmental Funds	Nonmajor Governmental Funds	126,589
	General Fund	99,057
	Assigned Projects Fund	59,549
Enterprise Funds:		
Water & Sewer Fund	Debt Service Fund	123,348
Municipal Airport Fund	Debt Service Fund	47,109
Stormwater Fund	Debt Service Fund	102,515
Nonmajor Enterprise Funds	General Fund	229,023
	Debt Service Fund	9,145
	Nonmajor Governmental Funds	3,000
		<u>\$ 5,620,080</u>

Transfers are generally used to (1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, and (2) move allocated overhead costs from proprietary funds to the General Fund.

D. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

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	<u>Balance</u> <u>10/1/2014</u>	<u>Additions/</u> <u>Completions</u>	<u>Transfers &</u> <u>Deletions</u>	<u>Balance</u> <u>9/30/2015</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Construction				
in Progress	\$ 1,820,026	\$ -	\$ 2,762,012	\$ 4,582,038
Land & Land Rights	1,290,167	172,592	17,773	1,480,532
	<u>3,110,193</u>	<u>172,592</u>	<u>2,779,785</u>	<u>6,062,570</u>
Depreciable Capital Assets:				
Machinery & Equip.	9,060,079	336,139	(394,274)	9,001,944
Furniture & Fixtures	196,026	-	(4,600)	191,426
Office Mach. & Equip.	1,964,685	98,059	(93,519)	1,969,225
Buildings	9,644,814	47,988	592,900	10,285,702
Improvements	85,996,443	3,341,787	(2,859,995)	86,478,235
	<u>106,862,047</u>	<u>3,823,973</u>	<u>(2,759,488)</u>	<u>107,926,532</u>
Less Accumulated Depreciation:				
Machinery & Equip.	(5,377,400)	(385,571)	130,537	(5,632,434)
Furniture & Fixtures	(179,266)	(2,869)	1,841	(180,294)
Office Mach. & Equip.	(1,785,013)	(86,683)	88,017	(1,783,679)
Buildings	(6,470,121)	(271,165)	(456,043)	(7,197,329)
Improvements	(73,978,283)	(773,195)	186,113	(74,565,365)
	<u>(87,790,083)</u>	<u>(1,519,483)</u>	<u>(49,535)</u>	<u>(89,359,101)</u>
Net Depreciable Capital Assets	19,071,964	2,304,490	(2,809,023)	18,567,431
Net Capital Assets	<u>\$ 22,182,157</u>	<u>\$ 2,477,082</u>	<u>\$ (29,238)</u>	<u>\$ 24,630,001</u>
	<u>Balance</u> <u>10/1/2014</u>	<u>Additions/</u> <u>Completions</u>	<u>Transfers/</u> <u>Disposals</u>	<u>Balance</u> <u>9/30/2015</u>
Proprietary Funds				
Non-Depreciable Capital Assets:				
Construction				
in Progress	\$ 6,691,026	\$ -	\$ 8,549	\$ 6,699,575
Land & Land Rights	7,064,477	1,762,827	(1,756,305)	7,070,999
	<u>13,755,503</u>	<u>1,762,827</u>	<u>(1,747,756)</u>	<u>13,770,574</u>
Depreciable Capital Assets:				
Machinery & Equip.	10,082,931	803,405	(451,055)	10,435,281
Furniture & Fixtures	1,080	-	-	1,080
Office Mach. & Equip.	223,809	-	24,711	248,520
Buildings	2,598,962	211,507	(211,506)	2,598,963
Improvements	14,947,113	14,719	(1,637,796)	13,324,036
Plant In Svc-Water	11,086,495	57,850	1,438,446	12,582,791
Plant In Svc-Sewer	2,269,595	147,665	2,155,461	4,572,721
	<u>41,209,985</u>	<u>1,235,146</u>	<u>1,318,261</u>	<u>43,763,392</u>
Less Accumulated Depreciation:				
Machinery & Equip.	(6,479,113)	(527,097)	356,153	(6,650,057)
Furniture & Fixtures	(1,080)	-	-	(1,080)
Office Mach. & Equip.	(211,289)	(10,328)	(14,689)	(236,306)
Buildings	(1,822,406)	(69,822)	545,214	(1,347,014)
Improvements	(6,654,195)	(515,733)	2,182,598	(4,987,330)
Plant In Svc-Water	(11,049,405)	(282,277)	(2,815,397)	(14,147,079)
Plant In Svc-Sewer	(1,728,058)	(48,448)	109,764	(1,666,742)
	<u>(27,945,546)</u>	<u>(1,453,705)</u>	<u>363,643</u>	<u>(29,035,608)</u>
Net Depreciable Capital Assets	13,264,439	(218,559)	1,681,904	14,727,784
Net Capital Assets	<u>\$ 27,019,942</u>	<u>\$ 1,544,268</u>	<u>\$ (65,852)</u>	<u>\$ 28,498,358</u>

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	Balance 10/1/2014	Additions/ Completions	Disposals	Balance 9/30/2015
Discretely Presented Component Unit:				
<u>Non-Depreciable Capital Assets:</u>				
Land & Land Rights	\$ 1,184,253	\$ -	\$ -	\$ 1,184,253
Construction in Progress	-	1,761,279		1,761,279
Total Non-Depreciable Capital Assets	<u>1,184,253</u>	<u>1,761,279</u>	<u>-</u>	<u>2,945,532</u>
<u>Depreciable Capital Assets:</u>				
Office Mach. & Equip.	1,630	1,545	(1,630)	1,545
Buildings	1,984,814	-	-	1,984,814
	<u>1,986,444</u>	<u>1,545</u>	<u>(1,630)</u>	<u>1,986,359</u>
Less Accumulated Depreciation:				
Office Mach. & Equip.	(1,630)	(155)	1,630	(155)
Buildings	(727,069)	(66,322)	-	(793,391)
	<u>(728,699)</u>	<u>(66,477)</u>	<u>1,630</u>	<u>(793,546)</u>
Net Depreciable Capital Assets	<u>\$ 2,441,998</u>	<u>\$ (64,932)</u>	<u>\$ -</u>	<u>\$ 4,138,345</u>

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Capital asset balances of individual proprietary funds as of September 30, 2015 were as follows:

	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	Totals
Non-Depreciable Capital Assets:						
Construction						
in Progress	\$ 94,994	\$ 1,907,011	\$ -	\$ 4,697,570	\$ -	\$ 6,699,575
Land & Land Rights	77,066	100,000	-	6,882,114	11,819	7,070,999
	<u>172,060</u>	<u>2,007,011</u>	<u>-</u>	<u>11,579,684</u>	<u>11,819</u>	<u>13,770,574</u>
Depreciable Capital Assets:						
Machinery & Equip.	3,127,372	286,439	5,997,487	852,463	171,520	10,435,281
Furniture & Fixtures	1,080	-	-	-	-	1,080
Office Mach. & Equip.	212,670	-	35,850	-	-	248,520
Buildings	527,934	868,060	1,141,261	-	61,708	2,598,963
Improvements	8,239,959	4,045,201	52,747	545,630	440,499	13,324,036
Plant In Service-Water	12,582,791	-	-	-	-	12,582,791
Plant In Service-Sewer	4,572,721	-	-	-	-	4,572,721
	<u>29,264,527</u>	<u>5,199,700</u>	<u>7,227,345</u>	<u>1,398,093</u>	<u>673,727</u>	<u>43,763,392</u>
Less Accumulated Depreciation:						
Machinery & Equip.	(1,771,869)	(246,297)	(4,110,640)	(374,832)	(146,419)	(6,650,057)
Furniture & Fixtures	(1,080)	-	-	-	-	(1,080)
Office Mach. & Equip.	(182,389)	-	(35,850)	(18,067)	-	(236,306)
Buildings	(527,933)	-	(757,373)	-	(61,708)	(1,347,014)
Improvements	(3,804,699)	(546,557)	(7,783)	(230,702)	(397,589)	(4,987,330)
Plant In Service-Water	(11,394,053)	(2,731,977)	-	-	(21,049)	(14,147,079)
Plant In Service-Sewer	(1,666,742)	-	-	-	-	(1,666,742)
	<u>(19,348,765)</u>	<u>(3,524,831)</u>	<u>(4,911,646)</u>	<u>(623,601)</u>	<u>(626,765)</u>	<u>(29,035,608)</u>
Net Depreciable Capital Assets	9,915,762	1,674,869	2,315,699	774,492	46,962	14,727,784
Net Capital Assets	<u>\$ 10,087,822</u>	<u>\$ 3,681,880</u>	<u>\$ 2,315,699</u>	<u>\$ 12,354,176</u>	<u>\$ 58,781</u>	<u>\$ 28,498,358</u>

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Depreciation expense was charged as a direct expense to programs as follows:

Governmental Activities:	
General Government	\$ 316,892
Finance	3,329
Community Development	56,652
Public Safety	467,183
Public Works	675,427
	<u>\$ 1,519,483</u>
Discretely Presented Component Unit:	
Gainesville Economic Development Corp	<u>\$ 66,477</u>
Proprietary Funds:	
Water & Sewer	\$ 773,891
Airport	199,502
Solid Waste	340,632
Stormwater	111,658
Golf Course	28,022
	<u>\$ 1,453,705</u>

E. Accounts Payable

Accounts payable as of September 30, 2015, for the City's major funds and nonmajor funds in the aggregate are as follows:

	Governmental Funds						Total
	General Fund	Debt Service	2014 GO Bonds	Assigned Projects	Street Utility Maintenance	Nonmajor Funds	
Vendor Payables	\$ 862,570	\$ -	\$ 24,250	\$ 5,705	\$ 214,966	\$ 105,622	\$ 1,213,113
Court Costs Payable	277	-	-	-	-	306	583
Funds Held for Others	70,152	-	-	-	-	-	70,152
Accrued Payroll & Benefits	259,696	-	-	-	-	-	259,696
	<u>\$ 1,192,695</u>	<u>\$ -</u>	<u>\$ 24,250</u>	<u>\$ 5,705</u>	<u>\$ 214,966</u>	<u>\$ 105,928</u>	<u>\$ 1,543,544</u>

	Proprietary Funds					Total	Agency Fund Stanford House
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor-Golf Fund		
Vendor Payables	\$ 768,417	\$ 27,398	\$ 63,108	\$ 8,965	\$ 6,788	\$ 874,676	\$ 2,653
Accrued Comp. Absences	22,335	2,243	18,333	-	2,719	45,630	-
Postclosure Care Costs	-	-	11,569	-	-	11,569	-
Accrued Payroll & Benefits	44,318	3,552	19,747	2,326	5,310	75,253	1,064
Deposits Payable	212,514	-	2,832	75	-	215,421	-
Interest Payable	239,490	656	5,620	13,742	303	259,811	-
Sales Tax Payable	-	-	-	-	-	-	-
Totals	<u>\$ 1,287,074</u>	<u>\$ 33,849</u>	<u>\$ 121,209</u>	<u>\$ 25,108</u>	<u>\$ 15,120</u>	<u>\$ 1,482,360</u>	<u>\$ 3,717</u>

CITY OF GAINESVILLE, TEXAS
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F. Long-Term Debt

1. Governmental Activities Long-Term Debt

As of September 30, 2015, the City had the following governmental activities long-term debt outstanding:

	Interest Rate	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding	Due Within One Year
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	\$ 6,639,539	\$ 4,470,711	\$ 429,108
Series 2008	4.00%	2008	2030	2,805,000	1,654,330	99,024
Series 2012	2.0-3.0%	2012	2025	2,422,557	1,460,115	370,170
Series 2014	0.33-2.31%	2014	2020	753,455	585,337	156,842
Series 2014	3.5-4.0%	2014	2034	4,765,000	4,595,000	165,000
Total General Obligation Bonds					<u>12,765,493</u>	<u>1,220,144</u>
Certificates of Obligation Bonds:						
Series 2010	1.25-4.4%	2010	2029	2,036,000	1,829,250	96,750
Series 2012	2.0-3.5%	2012	2032	3,020,000	2,670,000	130,000
Total Certificates of Obligation Bonds					<u>4,499,250</u>	<u>226,750</u>
Total Long-Term Debt - Governmental Activities					<u>\$ 17,264,743</u>	<u>\$ 1,446,894</u>

The changes in long-term debt for governmental activities are summarized as follows:

	Balance 10/1/2014	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2015
General Obligation Bonds:					
Series 2007	\$ 4,899,820	-	-	\$ (429,109)	\$ 4,470,711
Series 2008	1,749,228	-	-	(94,898)	1,654,330
Series 2012	1,817,946	-	-	(357,831)	1,460,115
Series 2014	4,765,000	-	-	(170,000)	4,595,000
Series 2014 Ref	743,204	-	-	(157,867)	585,337
Total GO Bonds	<u>13,975,198</u>	<u>-</u>	<u>-</u>	<u>(1,209,705)</u>	<u>12,765,493</u>
Certificates of Obligation Bonds:					
Series 2002	-	-	-	-	-
Series 2010	1,923,750	-	-	(94,500)	1,829,250
Series 2012	2,795,000	-	-	(125,000)	2,670,000
Total CO Bonds	<u>4,718,750</u>	<u>-</u>	<u>-</u>	<u>(219,500)</u>	<u>4,499,250</u>
Premium/Discount	460,143	-	(95,749)	(21,637)	342,757
Total Long Term Debt - Governmental Activities	<u>\$ 19,154,091</u>	<u>\$ -</u>	<u>\$ (95,749)</u>	<u>\$ (1,450,842)</u>	<u>\$ 17,607,500</u>

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The aggregate debt service payments to maturity of the City's governmental activities general obligation bonds and certificates of obligation bonds are as follows:

Fiscal Year Sep. 30,	General Obligation Bonds			Certificates of Obligation			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	1,220,144	440,600	1,660,744	226,750	132,047	358,802	1,446,894	572,647	2,019,541
2017	1,258,341	403,664	1,662,005	229,000	126,995	356,001	1,487,341	530,659	2,018,000
2018	1,253,659	362,793	1,616,452	236,250	121,341	357,598	1,489,909	484,134	1,974,043
2019	1,011,359	322,291	1,333,650	240,750	115,536	356,294	1,252,109	437,827	1,689,936
2020	1,046,468	284,263	1,330,731	248,000	109,230	357,239	1,294,468	393,493	1,687,961
2021	931,832	247,207	1,179,039	252,500	102,773	355,283	1,184,332	349,980	1,534,312
2022	960,916	211,406	1,172,322	259,750	96,514	356,275	1,220,666	307,920	1,528,586
2023	622,442	181,198	803,640	269,250	88,929	358,191	891,692	270,127	1,161,819
2024	650,183	156,642	806,825	278,750	79,327	358,090	928,933	235,969	1,164,902
2025	565,300	132,687	697,987	288,250	69,575	357,839	853,550	202,262	1,055,812
2026	591,469	109,319	700,788	297,750	60,293	358,058	889,219	169,612	1,058,831
2027	412,662	89,115	501,777	307,250	50,492	357,758	719,912	139,607	859,519
2028	430,718	72,918	503,636	314,000	40,193	354,210	744,718	113,111	857,829
2029	275,000	60,163	335,163	325,750	29,335	355,103	600,750	89,498	690,248
2030	285,000	50,362	335,362	340,250	17,815	358,065	625,250	68,177	693,427
2031	295,000	40,213	335,213	190,000	8,990	198,990	485,000	49,203	534,203
2032	305,000	29,712	334,712	195,000	3,022	198,022	500,000	32,734	532,734
2033	320,000	18,375	338,375	-	-	-	320,000	18,375	338,375
2034	330,000	6,187	336,187	-	-	-	330,000	6,187	336,187
	<u>\$ 12,765,493</u>	<u>\$ 3,219,115</u>	<u>\$ 15,984,608</u>	<u>\$ 4,499,250</u>	<u>\$ 1,252,407</u>	<u>\$ 5,751,818</u>	<u>\$ 17,264,743</u>	<u>\$ 4,471,522</u>	<u>\$ 21,736,265</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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2. Business-Type Activities Long-Term Debt

As of September 30, 2015, the City had the following business-type activities long-term debt:

	Interest Rate	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding	Due Within One Year
<u>Water and Sewer Utility</u>						
Certificates of Obligation Bonds:						
Series 2010	1.25-4.4%	2010	2029	1,111,500	1,056,900	55,900
Series 2013	4%-2.75%	2013	2033	5,730,000	5,365,000	225,000
Series 2015	4%-2.75%	2015	2035	9,215,000	9,215,000	120,000
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	965,362	650,024	62,391
Series 2008	4.00%	2008	2030	12,000	1,340,338	80,208
Series 2014	0.33-2.31%	2014	2020	1,888,818	1,467,368	393,182
Capital Lease:						
Community Leasing	1.50%	2014	2016	122,980	61,948	61,948
					19,156,578	998,629
<u>Municipal Airport</u>						
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	160,450	108,038	10,370
Series 2014	0.33-2.31%	2014	2020	100,176	77,824	20,853
					185,862	31,223
<u>Solid Waste Utility</u>						
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	1,352,678	720,755	87,423
Series 2014	0.33-2.31%	2014	2020	1,194,790	910,822	193,127
					1,631,577	280,550
<u>Stormwater Utility</u>						
Certificates of Obligation Bonds:						
Series 2010	1.25-4.4%	2010	2029	1,239,750	1,178,850	62,350
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	774,843	521,738	50,078
Series 2008	4.00%	2008	2030	2,608,000	1,015,332	60,768
Series 2012	2.0-3.0%	2012	2025	522,443	314,885	79,830
					3,030,805	253,026
<u>Municipal Golf Course</u>						
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	87,127	58,667	5,631
Series 2014	0.33-2.31%	2014	2020	4,784	3,717	996
					62,384	6,627
Total Bonds - Proprietary Funds Activities					\$ 24,067,206	\$ 1,570,055

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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The changes in long-term debt for proprietary funds are summarized as follows:

	Balance 10/1/2014	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2015
<u>Water and Sewer Utility</u>					
Certificates of Obligation Bonds:					
Series 2010	1,111,500	-	-	(54,600)	1,056,900
Series 2013	5,580,000	-	-	(215,000)	5,365,000
Series 2015	-	9,215,000	-	-	9,215,000
General Obligation Bonds:					
Series 2007	712,414	-	-	(62,390)	650,024
Series 2008	11,406	-	1,329,553	(621)	1,340,338
Series 2014	1,863,120	-	-	(395,752)	1,467,368
Capital Leases					
Community Leasing	122,980	-	-	(61,032)	61,948
Discount/Premium	342,690	713,462	-	(53,610)	1,002,542
	<u>9,744,110</u>	<u>9,928,462</u>	<u>1,329,553</u>	<u>(843,005)</u>	<u>20,159,120</u>
<u>Municipal Airport</u>					
Certificates of Obligation Bonds:					
Series 1995	10,000	-	-	(10,000)	-
General Obligation Bonds:					
Series 2007	118,408	-	-	(10,370)	108,038
Series 2014	98,813	-	-	(20,989)	77,824
Discount/Premium	270	-	-	(24)	246
	<u>217,491</u>	<u>-</u>	<u>-</u>	<u>(31,383)</u>	<u>186,108</u>
<u>Solid Waste Utility</u>					
General Obligation Bonds:					
Series 2007	998,245	-	-	(87,423)	910,822
Series 2014	915,144	-	-	(194,389)	720,755
Discount/Premium	2,276	-	-	(199)	2,077
	<u>1,915,665</u>	<u>-</u>	<u>-</u>	<u>(282,011)</u>	<u>1,633,654</u>
<u>Stormwater Utility</u>					
General Obligation Bonds:					
Series 2007	571,814	-	-	(50,076)	521,738
Series 2008	2,479,366	-	(1,329,553)	(134,481)	1,015,332
Series 2012	392,054	-	-	(77,169)	314,885
Certificates of Obligation Bonds:					
Series 2010	1,239,750	-	-	(60,900)	1,178,850
Capital Leases					
Community Leasing	72,902	-	-	(72,902)	-
Discount/Premium	10,604	-	-	(1,157)	9,447
	<u>4,766,490</u>	<u>-</u>	<u>(1,329,553)</u>	<u>(396,685)</u>	<u>3,040,252</u>
<u>Municipal Golf Course</u>					
General Obligation Bonds:					
Series 2007	64,298	-	-	(5,631)	58,667
Series 2014	4,718	-	-	(1,001)	3,717
Discount/Premium	149	-	-	(15)	134
	<u>69,165</u>	<u>-</u>	<u>-</u>	<u>(6,647)</u>	<u>62,518</u>
Totals	<u>\$ 16,712,921</u>	<u>\$ 9,928,462</u>	<u>\$ -</u>	<u>\$ (1,559,731)</u>	<u>\$ 25,081,652</u>

City of Gainesville, Texas
Notes to Basic Financial Statements
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Water and Sewer Utility

Water and Sewer long-term debt consists of capital leases, certificates of obligation bonds and general obligation bonds, which are being repaid with water and sewer net revenues.

Debt service payments to maturity of the Water and Sewer bonds are as follows:

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Capital Lease			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	400,900	690,436	1,091,336	535,781	91,856	627,637	61,948	929	62,877	998,629	783,221	1,781,850
2017	572,200	514,601	1,086,801	542,025	83,316	625,341	-	-	-	1,114,225	597,917	1,712,142
2018	593,500	494,190	1,087,690	581,006	72,476	653,482	-	-	-	1,174,506	566,666	1,741,172
2019	671,100	471,896	1,142,996	315,397	61,632	377,029	-	-	-	986,497	533,528	1,520,025
2020	692,400	446,468	1,138,868	324,211	51,733	375,944	-	-	-	1,016,611	498,201	1,514,812
2021	720,000	418,858	1,138,858	171,620	43,053	214,673	-	-	-	891,620	461,911	1,353,531
2022	751,300	388,037	1,139,337	177,864	36,063	213,927	-	-	-	929,164	424,100	1,353,264
2023	788,900	353,686	1,142,586	129,939	29,894	159,833	-	-	-	918,839	383,580	1,302,419
2024	821,500	319,215	1,140,715	135,436	24,561	159,997	-	-	-	956,936	343,776	1,300,712
2025	849,100	290,215	1,139,315	141,899	18,985	160,884	-	-	-	990,999	309,200	1,300,199
2026	871,700	265,612	1,137,312	148,364	13,145	161,509	-	-	-	1,020,064	278,757	1,298,821
2027	899,300	239,661	1,138,961	123,654	7,687	131,341	-	-	-	1,022,954	247,348	1,270,302
2028	928,200	212,248	1,140,448	130,534	2,607	133,141	-	-	-	1,058,734	214,855	1,273,589
2029	952,100	184,024	1,136,124	-	-	-	-	-	-	952,100	184,024	1,136,124
2030	989,700	153,557	1,143,257	-	-	-	-	-	-	989,700	153,557	1,143,257
2031	925,000	122,612	1,047,612	-	-	-	-	-	-	925,000	122,612	1,047,612
2032	960,000	91,769	1,051,769	-	-	-	-	-	-	960,000	91,769	1,051,769
2033	985,000	59,213	1,044,213	-	-	-	-	-	-	985,000	59,213	1,044,213
2034	620,000	32,650	652,650	-	-	-	-	-	-	620,000	32,650	652,650
2035	645,000	11,288	656,288	-	-	-	-	-	-	645,000	11,288	656,288
	\$ 15,636,900	\$ 5,760,236	\$ 21,397,136	\$ 3,457,730	\$ 537,008	\$ 3,994,738	\$ 61,948	\$ 929	\$ 62,877	\$ 19,156,578	\$ 6,298,173	\$ 25,454,751

City of Gainesville, Texas
Notes to Basic Financial Statements
September 30, 2015

Stormwater Utility – Stormwater long-term debt consists of general obligation bonds issued in 2002 and a capital lease, which are being repaid with Stormwater Utility Fund surplus net revenues.

Debt service payments to maturity of the Stormwater bonds are as follows:

Fiscal Year Sep. 30,	General Obligation Bonds			Certificates of Obligation			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	190,676	65,316	255,992	62,350	40,383	102,733	253,026	105,699	358,725
2017	196,424	59,181	255,605	63,800	38,803	102,603	260,224	97,984	358,208
2018	170,194	52,868	223,062	65,250	36,867	102,117	235,444	89,735	325,179
2019	154,869	46,794	201,663	68,150	34,865	103,015	223,019	81,659	304,678
2020	159,730	40,928	200,658	69,600	32,800	102,400	229,330	73,728	303,058
2021	155,487	35,058	190,545	72,500	30,667	103,167	227,987	65,725	293,712
2022	160,349	29,185	189,534	73,950	28,471	102,421	234,299	57,656	291,955
2023	121,731	23,867	145,598	76,850	26,209	103,059	198,581	50,076	248,657
2024	127,691	19,090	146,781	79,750	23,461	103,211	207,441	42,551	249,992
2025	108,705	14,458	123,163	82,650	20,213	102,863	191,355	34,671	226,026
2026	113,667	9,982	123,649	85,550	16,849	102,399	199,217	26,831	226,048
2027	93,684	5,823	99,507	88,450	13,369	101,819	182,134	19,192	201,326
2028	98,748	1,975	100,723	92,800	9,744	102,544	191,548	11,719	203,267
2029	-	-	-	97,150	5,945	103,095	97,150	5,945	103,095
2030	-	-	-	100,050	2,001	102,051	100,050	2,001	102,051
2031	-	-	-	-	-	-	-	-	-
	<u>\$ 1,851,955</u>	<u>\$ 404,525</u>	<u>\$ 2,256,480</u>	<u>\$ 1,178,850</u>	<u>\$ 360,647</u>	<u>\$ 1,539,497</u>	<u>\$ 3,030,805</u>	<u>\$ 765,172</u>	<u>\$ 3,795,977</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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Municipal Airport

Municipal Airport long-term debt consists of certificates of obligation bonds and general obligation bonds, which are being repaid with Airport Fund surplus net revenues.

Debt service payments to maturity of the Airport bonds are as follows:

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2016	31,223	4,929	36,152
2017	31,705	4,360	36,065
2018	37,920	3,583	41,503
2019	21,137	2,779	23,916
2020	21,756	2,073	23,829
2021	12,138	1,462	13,600
2022	12,620	967	13,587
2023	4,100	630	4,730
2024	4,180	460	4,640
2025	4,421	284	4,705
2026	4,662	96	4,758
2027	-	-	-
	<u>\$ 185,862</u>	<u>\$ 21,623</u>	<u>\$ 207,485</u>

Solid Waste Utility

Solid Waste long-term debt consists of general obligation bonds, which are being repaid with Solid Waste surplus net revenues.

Debt service payments to maturity of the Solid Waste bonds are as follows:

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2016	280,550	42,208	322,758
2017	284,616	37,297	321,913
2018	336,892	30,575	367,467
2019	184,540	23,627	208,167
2020	189,868	17,560	207,428
2021	102,332	12,323	114,655
2022	106,398	8,149	114,547
2023	34,562	5,312	39,874
2024	35,240	3,881	39,121
2025	37,273	2,390	39,663
2026	39,306	811	40,117
2027	-	-	-
	<u>\$ 1,631,577</u>	<u>\$ 184,133</u>	<u>\$ 1,815,710</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Municipal Golf Course – Municipal Golf Course long-term debt consists of general obligation bonds, certificates of obligation bonds, and a capital lease, which are being repaid with Municipal Golf Course Utility Fund surplus net revenues.

Debt service payments to maturity of the Municipal Golf Course debt is as follows:

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2016	6,627	2,283	8,910
2017	6,889	2,045	8,934
2018	10,330	1,730	12,060
2019	7,697	1,387	9,084
2020	7,967	1,081	9,048
2021	6,591	794	7,385
2022	6,853	525	7,378
2023	2,226	342	2,568
2024	2,270	250	2,520
2025	2,401	154	2,555
2026	2,533	52	2,585
	<u>\$ 62,384</u>	<u>\$ 10,643</u>	<u>\$ 73,027</u>

3. Component Unit Long-Term Debt

As of September 30, 2015, the component unit had the following long-term debt:

	Interest Rate	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding	Due Within One Year
Limited Sales and Use Tax Bond						
Series 2014	2.95-15.0%	2014	2024	2,500,000	2,282,217	224,205
	Balance	Increase	Decrease	Balance		
	10/1/2014			9/30/2015		
Series 2014 Bond	<u>\$ 2,500,000</u>	<u>-</u>	<u>(217,783)</u>	<u>\$ 2,282,217</u>		

Debt service payments to maturity of the GEDC debt is as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 224,205	\$ 65,367	\$ 289,572
2017	231,186	58,386	289,572
2018	238,196	51,376	289,572
2019	245,419	44,153	289,572
2020	193,700	191,608	385,308
2021	225,871	159,437	385,308
2022	262,720	122,588	385,308
2023	305,581	79,727	385,308
2024	355,339	29,969	385,308
	<u>\$ 2,282,217</u>	<u>\$ 802,611</u>	<u>\$ 3,084,828</u>

CITY OF GAINESVILLE, TEXAS
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4. Defeased Debt

As of September 30, 2015, the following defeased bonds remain outstanding:

	<u>Amount</u>
Series 1998 CO	\$ 2,030,000
Series 1998 GO	785,000
Series 1999 CO	530,000
Series 2000 CO	635,000
Series 2001 CO	2,675,000
Series 2002 CO	2,780,000
Series 2002 GO	525,000
Series 2003 CO	1,130,000
Series 2005 GO	2,090,000
Series 2008 GO	810,000

5. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that 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 costs of \$1,075,000 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, in order to comply with State regulations, the postclosure liability has been increased to adjust for inflation. The balance of the liability at September 30, 2015 was \$642,195 of which \$11,568 is considered as a current liability. The change in the postclosure care costs liability for the fiscal year ended September 30, 2015 was an increase of \$6,260.

G. Compensated Absences

The activity related to compensated absences is as follows:

	Compensated Absences 10/1/2014	Earned	Used	Compensated Absences 9/30/2015	Current Portion
Governmental Funds	\$ 618,283	\$ 328,478	\$ 276,282	\$ 670,479	\$ 335,240
Proprietary Funds:					
Water & Sewer	56,124	22,281	33,734	44,671	22,335
Airport Fund	4,554	2,702	2,770	4,486	2,243
Stormwater Utility	3,594	-	3,594	-	-
Solid Waste	39,261	26,087	28,682	36,666	18,333
Golf Course	6,507	2,075	3,143	5,439	2,719
Component Unit	3,669	7,681	3,920	7,430	3,715
	<u>\$ 731,992</u>	<u>\$ 389,304</u>	<u>\$ 352,125</u>	<u>\$ 769,171</u>	<u>\$ 384,585</u>

The compensated absences do not appear as a liability in the governmental funds. Resources from the General Fund are used to liquidate the governmental funds liabilities compensated absences.

CITY OF GAINESVILLE, TEXAS
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H. Fund Equity and Net position

1. Fund Balance

Fund balances are classified as Nonspendable, Restricted Committed, Assigned and Unassigned.

General Fund

The General Fund has Unassigned Fund Balance of \$7,583,096 at September 30, 2015.

Other Major Funds

The Debt Service Fund has Restricted Fund Balance consisting of funds accumulated from property taxes to service the City's debt. The 2014 GO Bond fund is classified as restricted for construction. A portion of this fund balance is unspent bond proceeds. The Assigned Projects Fund's fund balance is classified as assigned. These funds are to be used for construction, improvements and purchase of capital assets. The Street Utility Maintenance Fund's fund balance is classified as assigned. These funds are to be used for improvements related to streets and utilities.

Other Funds

The fund balances of the Hotel/Motel Fund, Municipal Court Technology, Municipal Court Security, Juvenile Case Manager, Cable Peg Fee, Federal Seizure, State Seizure and Cohen Scholarship are classified as Restricted because of externally imposed restrictions. The Cemetery Fund fund balance is classified as Committed because of restrictions imposed by City ordinances. Flood Repairs, City Athletic Fields, G.I.V.E and Construction Project Fund are classified as Assigned.

2. Net Position: Net Investment in Capital Assets

This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements. It represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets. Negative balances in this account are attributable to outstanding debt greater than capital assets net of accumulated depreciation. This is because capital assets are depreciated on a straight-line basis over the life of the related debt, whereas debt principal payments are not necessarily equal amounts.

3. Net Position: Restricted

This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements. It represents amounts that are restricted for a particular purpose. At September 30, 2015, the City had funds restricted for capital projects, debt service and other programs.

4. Net Position: Unrestricted

This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements. It represents the difference between assets and liabilities that is not reported in net investment in capital assets or net position restricted for specific purposes.

It is the City's policy to spend funds available from restricted sources prior to unrestricted sources.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. During fiscal 2015, the City was covered under a general liability insurance policy plan with a combined single limit of \$1 million at a cost it considered being economically justifiable.

CITY OF GAINESVILLE, TEXAS
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The City has commercial insurance for all other risks of loss, including employee health benefits, workers' compensation, and employee life and accident insurance.

There have been no settlements in excess of insurance coverage during the past three fiscal years.

B. Contingent Liabilities

Federal Grants – The City participates in numerous federal and state assisted grant programs. Under the terms of these grants, the City is subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time; however, management expects such amounts, if any, to be immaterial.

Litigation – The City is contingently liable in respect of lawsuits and claims in the ordinary course of operations that, in the opinion of management, will not have material adverse effect on the combined financial statements.

C. Contracts

Quality Inn (formerly Holiday Inn) – In 1982, the City entered into an agreement with the Holiday Inn Corporation, with an initial term of fifty years. In the agreement, the Holiday Inn agreed to lease approximately 5 acres of City-owned park property, for the purpose of constructing a hotel facility on the property. The terms of the lease agreement state that the Holiday Inn is to pay the City a total of \$1,210,000 in lease payments, due in annual installments of \$10,000 in 1983, \$50,000 from 1984 through 1986, and then annual installments of \$25,000 for years 1987 through 2033. The lease was subsequently assigned to Stellar Investments, Inc., and Everest, Inc., the current leaseholder as of July 2001. Also, terms of the agreement state that the City is to receive the greater of the above annual lease payments, or 2% of the gross annual room rentals of the hotel. Revenue from the agreement is recorded in the appropriate Special Revenue Fund.

Greater Texoma Utility Authority (GTUA) – The City has entered into various contracts with the Greater Texoma Utility Authority (GTUA), whereby GTUA provides water and sewer services to the City. As part of the contractual agreements, GTUA issues debt for the benefit of the City, the proceeds of which are used to finance construction of water and sewer facilities and infrastructure within the City. Although this debt is not that of the City, the City is contractually obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues. During the year ended September 30, 2015, the City paid \$1,027,457 to GTUA in accordance with these contracts.

The audited financial statements of the year ended September 30, 2015, for GTUA, issued by the GTUA's independent auditors, reflected total assets for the City projects as \$11,071,620, deferred outflows of resources of \$119,916, liabilities of \$8,858,795, and total net position of \$2,332,741. Additionally, total revenues and expenses for the City's projects were \$783,891 and \$683,850, respectively. Revenues, as reported, included investment income of \$5,813.

The following outstanding bonds were included in total liabilities on GTUA's financial statement:

In fiscal year 2010, GTUA issued \$2,830,000 in Gainesville Contract Revenue Refunding Bonds having an interest rate of 2.0% to 3.25%. These bonds were issued to refund the 1995, 1997 and 2002 Contract Revenue Bonds. The City has agreed and is obligated to GTUA to make payments from pledged revenues of the Water and Sewer enterprise fund in amounts sufficient to provide for the payment and redemption of the principal and interest of these revenue bonds as they become due. The balance outstanding at September 30, 2015, was \$460,000.

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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In fiscal year 2011, GTUA issued \$4,100,000 in Gainesville Contract Revenue Bonds having an interest rate of .021% to 2.587%. The City has agreed and is obligated to GTUA to make payments from pledged revenues of the Water and Sewer enterprise fund in amounts sufficient to provide for the payment and redemption of the principal and interest of these revenue bonds as they become due. The balance outstanding at September 30, 2015 was \$3,880,000.

In fiscal year 2012, GTUA issued \$2,000,000 in Gainesville Contract Revenue Bonds having an interest rate of .1740% to 2.822%. The City has agreed and is obligated to GTUA to make payments from pledged revenues of the Water and Sewer enterprise fund in amounts sufficient to provide for the payment and redemption of the principal and interest of these revenue bonds as they become due. The balance outstanding at September 30, 2015 was \$1,910,000.

In fiscal year 2012, GTUA issued 2012 Gainesville Contract Revenue Bonds having an interest rate of .140% to 1.867%. The City has agreed and is obligated to GTUA to make payments from pledged revenues of the Water and Sewer enterprise fund in amounts sufficient to provide for the payment and redemption of the principal and interest of these revenue bonds as they become due. The balance outstanding at September 30, 2015 was \$1,045,000.

In fiscal year 2013, GTUA issued 2013 Gainesville Contract Revenue Bonds having an interest rate of 2.0% to 3.0%. The City has agreed and is obligated to GTUA to make payments from pledged revenues of the Water and Sewer enterprise fund in amounts sufficient to provide for the payment and redemption of the principal and interest of these revenue bonds as they become due. The balance outstanding at September 30, 2015 was \$1,315,000.

Contractual commitments to be paid to GTUA by the City on the revenue bonds are provided on the following schedule:

Fiscal Years Ending September 30,	Principal	Interest	Amount
2016	535,000	168,042	703,042
2017	535,000	160,482	695,482
2018	545,000	152,629	697,629
2019	550,000	143,937	693,937
2020	555,000	135,403	690,403
2021-2025	2,555,000	525,277	3,080,277
2026-2030	2,280,000	273,869	2,553,869
2031-2033	1,055,000	28,631	1,083,631
	<u>\$ 8,610,000</u>	<u>\$ 1,588,270</u>	<u>\$ 10,198,270</u>

The debt obligation for GTUA's revenue bonds is not reflected in the City's financial statements and is presented for disclosure purposes only. The liability for the debt obligation, however, is separately presented in the publicly available September 30, 2015, financial statements of GTUA.

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. The debt obligation for GTUA's revenue bonds is not reflected in the City's financial statements and is presented for disclosure purposes only. The liability for the debt obligation, however, is separately presented in the publicly available September 30, 2015, financial statements of GTUA.

Contractual commitments to be paid to GTUA by the City on the revenue bonds for the Lake Texoma Reallocation Project are provided on the following schedules:

CITY OF GAINESVILLE, TEXAS
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Fiscal Years Ending September 30,	Principal	Interest	Amount
2016	205,200	66,976	272,176
2017	209,520	65,982	275,502
2018	214,920	64,338	279,258
2019	220,320	62,198	282,518
2020	225,720	59,588	285,308
2021-2025	1,218,240	238,036	1,456,276
2026-2030	1,344,600	98,610	1,443,210
	<u>\$ 3,638,520</u>	<u>\$ 655,728</u>	<u>\$ 4,294,248</u>

TASWA – The City entered into the Texoma Area Solid Waste Agency Interim Interlocal Agreement in April 1999 with the Cities of Sherman and Denison. Effective June 19, 2000, the Agency was dissolved and the Texoma Area Solid Waste Authority (TASWA) was incorporated. TASWA assumed the responsibilities of planning for the development of a public landfill to meet solid waste disposal needs of the citizens of Grayson and Cooke Counties. Additionally, TASWA has the responsibilities of permitting, constructing, and operating the landfill. See Note IV.G. for additional details of this contract.

D. Commitments

1. Construction Commitments

The City has projects in the construction phase. Construction commitments are as follows:

Vendor	Project	Contract	Expended to Date	Balance of Commitment
HDR Engineering Inc	Golf Course Water Rights	\$ 21,000	\$ 11,819	\$ 9,181
Gracon Construction	Waste Water Treatment Plant Phase 1	4,879,137	1,772,596	3,106,541
Kimley Horn	Waste Water Treatment Plant Phase 2	912,000	284,000	628,000
Lynn Vessels Construction	Sump Pkg H	4,023,071	-	4,023,071
Lynn Vessels Construction	Sump Pkg D, E, F, G	3,770,039	3,581,537	188,502

2. GEDC Commitments

GEDC entered into incentive agreements with various companies in Gainesville to promote economic development. Under these agreements, the GEDC has agreed to pay amounts to individual companies if the companies meet certain requirements by a specified date. Commitments are as follows:

Vendor	Project	Contract	Expended to Date	Balance of Commitment
Granite, BHF	Construction	\$ 800,000	\$ 50,000	\$ 750,000

E. Commitments Under Operating Leases

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments. Lease expense for operating lease agreements for the current year is \$27,977. Minimum future annual requirements are as follows:

Year Ended	Amount
2016	20,580
2017	14,863
2018	-
Total	<u>\$ 35,443</u>

CITY OF GAINESVILLE, TEXAS
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F. Related Organizations

Related organizations represent organizations for which the City is responsible for appointing a voting majority of the board of the organization. These organizations represent separate non-governmental entities and are not controlled by or dependent upon the City. They also do not meet the criteria of financial accountability.

Gainesville Housing Authority – The Gainesville Housing Authority (GHA) of the City of Gainesville is a nonprofit organization funded by contributions received from the U.S. Department of Housing and Urban Development. The purpose of the organization is to provide low-rent housing to qualified Gainesville residents. There are 5 members on the GHA Board, all of who are appointed by the Mayor of the City. The GHA Chief Executive Officer is selected by the GHA Board and reports directly to the Board. The City of Gainesville does not guarantee bonds issued by the GHA.

G. Jointly Governed Organizations

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization. These organizations do not meet the criteria of a joint venture because the participants do not retain an ongoing financial interest or responsibility in the organization.

Greater Texoma Utility Authority – The Greater Texoma Utility Authority (GTUA) is a political subdivision of the State of Texas and was created to assist incorporated cities, towns or villages to develop water, sewer and solid waste facilities. Initially, the GTUA was comprised of all the territory that is contained within the corporate boundaries of Sherman and Denison, Texas. Subsequent to the creation of the GTUA, in 1979, several other cities, including the City of Gainesville, have been annexed into the Authority. The City is contractually obligated to make sufficient payments to the GTUA, recognized as operating expenses by the City and as revenues by the GTUA, for the redemption and payment of the City's portion of certain GTUA revenue bonds as they become due. The cities of Sherman and Denison have the right to appoint three members each to the GTUA's nine member Board of Directors. The City of Gainesville currently appoints one member of the Board. The City has limited governing ability over the GTUA.

Although the City has relied on the GTUA for a portion of its Water and Sewer Enterprise Fund long-term financing, the financing of other activities by the City is not dependent upon financing from the GTUA. Further, the scope of the GTUA's public service benefits other cities in addition to the City. Other than the water and sewer contracts, as amended, no other special relationship exists between the City and the GTUA. However, the City and two GTUA member-cities have contracted with Texoma Area Solid Waste agreement.

H. Joint Ventures

Joint ventures are legal entities or other organizations that result from a contractual arrangement and that are owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control. The participants retain either an ongoing financial interest or an ongoing financial responsibility.

Texoma Area Solid Waste Authority – The Texoma Area Solid Waste Authority (TASWA) is a local government corporation that was incorporated by five governmental entities, the cities of Gainesville, Sherman, and Denison and the counties of Cooke and Grayson. TASWA has no members or stock. The corporation is organized for the purpose of aiding, assisting and acting on behalf of the local governments in the financing, construction, ownership and operation of a solid waste landfill.

CITY OF GAINESVILLE, TEXAS
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Each member government appoints one member to serve on the Board of Directors of TASWA. Neither of the governments represents a voting majority on the Board; however, the Cities retain an ongoing financial responsibility to TASWA. Bonds issued in April 2004 by TASWA are secured by contractual payments to be made by the Cities to TASWA for solid waste disposal. The Cities have pledged to deliver a guaranteed annual tonnage to the Facility, based on each City's respective waste volume history. During the fiscal year-end June 30, 2008, an additional \$2,415,000 was issued to construct sector II of the landfill. At TASWA's fiscal year-end, June 30, 2004, the City's guaranteed proportionate share was 28.7%. TASWA may encourage the delivery of waste from other entities. This would allow TASWA to fund additional reserves and possibly lower the tip fees to the Cities. The outstanding balance of TASWA's bonds at June 30, 2015, was \$15,270,000. Financial statements and other information may be obtained by contacting TASWA's business office, P.O. Box 249, Whitesboro, Texas 76273.

I. RETIREMENT PLANS

Each qualified employee participates in two retirement plans in which the City participates. These plans are administered by the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS). The City does not maintain the accounting records, hold the investments, or administer either retirement plan.

The total (aggregate for the TMRS and TESRS plans) of the City's net pension liabilities, deferred outflows and deferred inflows of resources related to pensions as of September 30, 2015 and the pension expense for the year ended is as follows:

	TMRS	TESRS	Total
Net pension liability	\$ 5,669,951	\$ 3,453	\$ 5,673,404
Deferred outflows of resources	1,061,819	-	1,061,819
Deferred inflows of resources	217,141	870	218,011

1. Texas Municipal Retirement System

A. Plan Description

The City of Gainesville participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

B. 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 payment 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.

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Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	125
Inactive employees entitled to but not yet receiving benefits	89
Active Employees	208
	422
	422

C. Contributions

The contribution rates for employees in the TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city 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 of Gainesville were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Gainesville were 10.77% and 9.95% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015 were \$1,047,978, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3% per year	
Overall Payroll Growth	3% per year	
Investment Rate of Return	7%, net of pension plan investment expense, including inflation	

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 Table, with the 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 Disabled Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. 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 the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2013	\$ 37,491,367	\$ 31,612,242	\$ 5,879,125
Changes for the year:			
Service Cost	904,131	-	904,131
Interest	2,583,710	-	2,583,710
Difference between expected and actual expense	(277,847)	-	(277,847)
Contributions-employer	-	1,106,406	(1,106,406)
Contributions-employees	-	524,860	(524,860)
Net investment income	-	1,808,335	(1,808,335)
Benefit payments, including refunds of employee contributions	(2,066,593)	(2,066,593)	-
Administrative expense	-	(18,881)	18,881
Other changes	-	(1,552)	1,552
Net change	1,143,401	1,352,575	(209,174)
Balance at 12/31/2014	\$ 38,634,768	\$ 32,964,817	\$ 5,669,951

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

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	1% Decrease in Discount Rate 6%	Discount Rate 7%	1% Increase in Discount Rate 8%
City's net pension liability	\$ 11,306,033	\$ 5,669,951	\$ 1,083,952

Pension Plan Fiduciary Net Position

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

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015. The city recognized pension expense of \$1,001,942. At September 30, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 323,618	\$ 217,141
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	738,201	-
Total	\$ 1,061,819	\$ 217,141

\$738,201 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,			
2015	\$	20,198	
2016		20,198	
2017		20,198	
2018		45,883	
2019		-	
Thereafter		-	

2. Texas Emergency Services Retirement System (TESRS)

A. Plan Description

Plan Description – The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

participants include volunteer emergency services personnel who are members in good standing of a member department.

B. Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

C. Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2015, total contributions (dues, prior service, and interest on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,530,343 for the fiscal year ending August 31, 2014.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in subsection D below.

The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014 the actuarial liabilities exceeded the actuarial assets by \$26,093,761.

The City's contribution for 2015, 2014 and 2013 was \$864, \$1,080 and \$720 respectively.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, 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 August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

CITY OF GAINESVILLE, TEXAS
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Inflation	3.5% per year
Salary increases	N/A
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Equities		
Large cap domestic	32.0%	5.20%
Small cap domestic	10.0%	5.80%
Developed international	21.0%	5.50%
Emerging markets	6.0%	5.40%
Master limited partnership	5.0%	7.10%
Fixed income		
Domestic	21.0%	1.40%
International	5.0%	1.60%
Cash		0.00%
Total	<u>100.0%</u>	

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>
	<u>Total Pension Liability</u>
Balance at 08/31/2013	\$ 2,938
Changes for the year:	
Service Cost	347
Interest	1,530
Projected earnings on pension plan investments	(1,175)
Amortization of differences between projected and actual earnings on plan investments	(218)
Administrative expense	31
Net change	<u>515</u>
Balance at 08/31/2014	<u>\$ 3,453</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in separately-issued TESRS financial report. That report may be obtained on the Internet at www.tesrs.org.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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At September 30, 2015, the city reported deferred outflows of resources and deferred inflows or resources related to pensions for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 870

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31,		
2016	\$	218
2017		218
2018		218
2019		218
Thereafter		-

3. Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City 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.

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB.

Contributions The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. 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 pre-fund retiree term life insurance during employees' entire careers.

Schedule of Contribution Rates:

Calendar Year	Annual Required Contribution	Actual Contribution Made	Percentage of ARC Contributed
2013	0.05%	0.05%	100%
2014	0.06%	0.06%	100%
2015	0.07%	0.07%	100%

The City's contribution to the SDBF is as follows:

Year	City Contribution
2013	\$ 4,997
2014	6,298
2015	24,581

CITY OF GAINESVILLE, TEXAS
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SEPTEMBER 30, 2015

J. Subsequent Events

The City's management has evaluated subsequent events through February 29, 2016, the date which the financial statements were available for issue.



Required Supplemental Information

CITY OF GAINESVILLE, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Ad Valorem Taxes	\$ 4,065,336	\$ 4,078,923	\$ 4,141,022	\$ 62,099
Sales Taxes	5,153,000	5,153,000	6,167,640	1,014,640
Franchise Fees	1,270,528	1,284,237	1,315,960	31,723
Mixed Beverage Tax	31,872	31,872	42,079	10,207
Service Charges	951,905	869,872	831,026	(38,846)
License & Permits	181,100	182,274	242,701	60,427
Fines & Forfeitures	379,905	380,350	350,142	(30,208)
Investment Income	8,000	5,000	6,120	1,120
Intergovernmental Revenues	-	89,202	47,416	(41,786)
Donations	-	-	51,212	51,212
Other Income	103,000	129,324	199,907	70,583
TOTAL REVENUES	12,144,646	12,204,054	13,395,225	1,191,171
EXPENDITURES:				
Current				
General Government				
Administration	629,659	629,659	606,684	22,975
Human Resources	182,221	180,546	172,262	8,284
Main Street Operations	43,736	42,666	34,013	8,653
Building Operations	112,244	103,462	101,285	2,177
Public Assistance Programs	93,740	93,740	93,740	-
Municipal Court	321,428	312,351	251,171	61,180
Civic Center Operations	171,715	171,715	165,797	5,918
Total General Government	<u>1,554,743</u>	<u>1,534,139</u>	<u>1,424,952</u>	<u>109,187</u>
Community Development				
Planning and Zoning	140,938	140,870	135,367	5,503
Inspections	346,098	345,285	282,602	62,683
Total Community Development	<u>487,036</u>	<u>486,155</u>	<u>417,969</u>	<u>68,186</u>
Finance	<u>428,355</u>	<u>428,355</u>	<u>428,260</u>	<u>95</u>
Public Safety				
Police	4,636,801	4,642,642	4,329,778	312,864
Emergency Management	30,249	29,582	33,056	(3,474)
Fire	3,576,018	3,708,000	3,689,130	18,870
Total Public Safety	<u>8,243,068</u>	<u>8,380,224</u>	<u>8,051,964</u>	<u>328,260</u>
Public Works				
Administration	71,165	71,165	69,321	1,844
Street Maintenance	909,804	902,092	856,926	45,166
Central Garage	206,028	205,484	142,382	63,102
Parks and Recreation Operations	857,672	857,417	736,550	120,867
Zoo Operations	1,096,789	1,123,153	1,035,326	87,827
Cemetery Operations	258,767	261,638	244,590	17,048
Total Public Works	<u>3,400,225</u>	<u>3,420,949</u>	<u>3,085,095</u>	<u>335,854</u>

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

CITY OF GAINESVILLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Non Departmental	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	565,630	392,062	308,048	84,014
TOTAL EXPENDITURES	<u>14,679,057</u>	<u>14,641,884</u>	<u>13,716,288</u>	<u>925,596</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,534,411)</u>	<u>(2,437,830)</u>	<u>(321,063)</u>	<u>2,116,767</u>
OTHER FINANCING SOURCES (USES):				
Issuance of Debt	-	-	-	-
Funds Transferred In	2,774,558	2,774,558	2,779,289	4,731
Funds Transferred Out	(150,000)	(228,000)	(2,349,498)	(2,121,498)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,624,558</u>	<u>2,546,558</u>	<u>429,791</u>	<u>(2,116,767)</u>
NET CHANGE IN FUND BALANCES	<u>90,147</u>	<u>108,728</u>	<u>108,728</u>	<u>-</u>
FUND BALANCE - Oct 1 as previously reported	7,408,205	7,408,205	7,408,205	-
PRIOR PERIOD ADJUSTMENT	-	-	66,710	66,710
FUND BALANCE-OCT 1, as restated	<u>7,408,205</u>	<u>7,408,205</u>	<u>7,474,915</u>	
FUND BALANCE - September 30	<u>\$ 7,498,352</u>	<u>\$ 7,516,933</u>	<u>\$ 7,583,643</u>	<u>\$ 66,710</u>

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

CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Total Pension Liability	2014
Service Cost	\$ 904,131
Interest (on the total pension liability)	2,583,710
Changes of benefit terms	-
Difference between expected and actual experience	(277,847)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(2,066,593)
Net Change in Total Pension Liability	<u>1,143,401</u>
Total Pension Liability - Beginning	<u>37,491,367</u>
Total Pension Liability - Ending	<u><u>\$ 38,634,768</u></u>
Plan Fiduciary Net Pension	
Contributions - employer	\$ 1,106,406
Contributions - employee	524,860
Net investment income	1,808,335
Benefit payments, including refunds of employee contributions	(2,066,593)
Administrative expense	(18,881)
Other	(1,552)
Net Change in Plan Fiduciary Net Position	<u>1,352,575</u>
Plan Fiduciary Net Position - Beginning	<u>31,612,242</u>
Plan Fiduciary Net Position - Ending	<u><u>\$ 32,964,817</u></u>
Net Pension Liability - Ending	<u><u>\$ 5,669,951</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.32%
Covered Employee Payroll	\$ 10,497,209
Net Pension Liability as a Percentage of Covered Payroll	54.01%

**CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CONTRIBUTIONS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	2014
Actuarially determined contribution	<u>1,047,978</u>
Contributions in relation to actuarially determined contribution	<u>(1,047,978)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 10,295,465
Contributions as a percentage of covered employee payroll	10.18%

CITY OF GAINESVILLE, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Valuation Date Actuarially determined contribution rates are calculated as of December 31, 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	20 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3%
Salary increases	3.5% to 12% including inflation
Investment rate of return	7%
Retirement age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information	There were no benefit changes during the year.

CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TESRS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2014
Total Pension Liability	
Service Cost	\$ 347
Interest (on the total pension liability)	1,530
Projected earnings on investment	(1,175)
Difference between expected and actual experience	(218)
Administrative expense	31
Net Change in Total Pension Liability	515
Total Pension Liability - Beginning	2,938
Total Pension Liability - Ending	\$ 3,453

**CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CONTRIBUTIONS-TESRS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>2014</u>
Actuarially determined contribution	<u>864</u>
Contributions in relation to actuarially determined contribution	<u>864</u>
Contribution deficiency (excess)	<u>\$ -</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS-TESRS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Valuation Date August 31, 2014

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Inflation	3.5%
Salary increases	n/a
Investment rate of return	7.75% per year, net of investment expenses
Mortality	RP2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA



Combining Financial Statements

CITY OF GAINESVILLE, TEXAS
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

SPECIAL REVENUE FUNDS

	MUNICIPAL COURT TECHNOLOGY	MUNICIPAL COURT SECURITY	HOTEL/ MOTEL	LAW ENFORCEMENT EDUCATION	G.I.V.E.	JUVENILE CASE MANAGER	MEDAL OF HONOR	CITY ATHLETIC FIELDS	FLOOD REPAIRS	CABLE PEG FEE FUND
ASSETS:										
Cash	\$ 6,189	\$ 8,864	\$ 382,202	\$ -	\$ 1,515	\$ 7,250	\$ 58,485	\$ 25,645	\$ 7,170	\$ 66,020
Investments	-	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-
Other	-	-	64,195	-	81	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,189</u>	<u>\$ 8,864</u>	<u>\$ 446,397</u>	<u>\$ -</u>	<u>\$ 1,596</u>	<u>\$ 7,250</u>	<u>\$ 58,485</u>	<u>\$ 25,645</u>	<u>\$ 7,170</u>	<u>\$ 66,020</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Accounts Payable	\$ -	\$ 306	\$ -	\$ -	\$ 1,467	\$ -	\$ 58,485	\$ -	\$ 1,020	\$ -
Interfund Payable	-	-	-	-	-	3,761	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>306</u>	<u>-</u>	<u>-</u>	<u>1,467</u>	<u>3,761</u>	<u>58,485</u>	<u>-</u>	<u>1,020</u>	<u>-</u>
FUND BALANCES:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted:										
Construction	-	-	-	-	-	-	-	-	-	-
Tourism and the Arts	-	-	446,397	-	-	-	-	-	-	-
Other	6,189	8,558	-	-	-	3,489	-	-	-	66,020
Committed:										
Cemetery	-	-	-	-	-	-	-	-	-	-
Assigned:										
Construction	-	-	-	-	-	-	-	-	6,150	-
Other	-	-	-	-	129	-	-	25,645	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,189</u>	<u>8,558</u>	<u>446,397</u>	<u>-</u>	<u>129</u>	<u>3,489</u>	<u>-</u>	<u>25,645</u>	<u>6,150</u>	<u>66,020</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,189</u>	<u>\$ 8,864</u>	<u>\$ 446,397</u>	<u>\$ -</u>	<u>\$ 1,596</u>	<u>\$ 7,250</u>	<u>\$ 58,485</u>	<u>\$ 25,645</u>	<u>\$ 7,170</u>	<u>\$ 66,020</u>

CITY OF GAINESVILLE, TEXAS
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	SPECIAL REVENUE FUNDS			CONSTRUCTION PROJECTS FUNDS	PERMANENT FUNDS		TOTAL
	FEDERAL SEIZURE FUND	STATE SEIZURE FUND	STANFORD HOUSE	CONSTRUCTION PROJECTS FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
ASSETS:							
Cash	\$ 2,971	\$ 26,751	\$ -	\$ 368,109	\$ 1,427,979	\$ 10,693	\$ 2,399,843
Investments	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	64,276
Inventory	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,971</u>	<u>\$ 26,751</u>	<u>\$ -</u>	<u>\$ 368,109</u>	<u>\$ 1,427,979</u>	<u>\$ 10,693</u>	<u>\$ 2,464,119</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ -	\$ 4,383	\$ -	\$ 40,267	\$ -	\$ -	\$ 105,928
Interfund Payable	-	-	-	-	-	-	3,761
TOTAL LIABILITIES	<u>-</u>	<u>4,383</u>	<u>-</u>	<u>40,267</u>	<u>-</u>	<u>-</u>	<u>109,689</u>
FUND BALANCES:							
Nonspendable	-	-	-	-	-	-	-
Restricted:							
Construction	-	-	-	-	-	-	-
Tourism and the Arts	-	-	-	-	-	-	446,397
Other	2,971	22,368	-	-	-	10,693	120,288
Committed:							
Cemetery	-	-	-	-	1,427,979	-	1,427,979
Assigned:							
Construction	-	-	-	327,842	-	-	333,992
Other	-	-	-	-	-	-	25,774
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,971</u>	<u>22,368</u>	<u>-</u>	<u>327,842</u>	<u>1,427,979</u>	<u>10,693</u>	<u>2,354,430</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,971</u>	<u>\$ 26,751</u>	<u>\$ -</u>	<u>\$ 368,109</u>	<u>\$ 1,427,979</u>	<u>\$ 10,693</u>	<u>\$ 2,464,119</u>

CITY OF GAINESVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

REVENUES	SPECIAL REVENUE FUNDS									
	MUNICIPAL COURT TECH.	MUNICIPAL COURT SECURITY	HOTEL/ MOTEL	LAW ENFORCEMENT EDUCATION	G.I.V.E	JUVENILE CASE MANAGER	MEDAL OF HONOR	CITY ATHLETIC FIELDS	FLOOD REPAIRS	CABLE PEG FEE FUND
Taxes:										
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	682,736	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	15,720	-	-	-
License & Permits	-	-	-	-	-	-	-	-	-	22,331
Fines & Forfeitures	10,006	7,502	-	-	-	14,828	-	-	-	-
Investment Income	22	13	838	4	4	31	169	77	8	248
Intergovernmental Revenues	-	-	-	3,184	-	-	-	-	-	-
Other Income	-	-	-	-	1,657	-	59,980	-	36,643	-
TOTAL REVENUES	10,028	7,515	683,574	3,188	1,661	14,859	60,149	15,797	36,651	22,579
EXPENDITURES										
Current:										
General Government	-	-	155,199	-	1,693	-	60,149	-	150	-
Community Development	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	12,108	341	-	3,188	-	562	-	-	2,619	-
Public Works	-	-	-	-	-	-	20,699	27,732	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	339,834	-	-	-	-	-	-	59,090
TOTAL EXPENDITURES	12,108	341	495,033	3,188	1,693	562	60,149	20,699	30,501	59,090
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,080)	7,174	188,541	-	(32)	14,297	-	(4,902)	6,150	(36,511)
OTHER FINANCING SOURCES (USES):										
Issuance of Debt	-	-	-	-	-	-	-	-	-	-
Funds Transferred In	-	-	-	-	-	-	86	-	-	-
Funds Transferred Out	-	-	(531,568)	-	(86)	(13,838)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(531,568)	-	(86)	(13,838)	-	86	-	-
NET CHANGE IN FUND BALANCES	(2,080)	7,174	(343,027)	-	(118)	459	-	(4,816)	6,150	(36,511)
FUND BALANCE - Oct 1 as previously reported	8,269	1,384	789,424	-	247	3,030	-	30,461	-	102,531
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	-	-	-
FUND BALANCE-October 1, as restated	8,269	1,384	789,424	-	247	3,030	-	30,461	-	102,531
FUND BALANCE - September 30	\$ 6,189	\$ 8,558	\$ 446,397	\$ -	\$ 129	\$ 3,489	\$ -	\$ 25,645	\$ 6,150	\$ 66,020

CITY OF GAINESVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	SPECIAL REVENUE FUNDS			CONSTRUCTION PROJECTS FUNDS	PERMANENT FUNDS		TOTAL
	FEDERAL SEIZURE FUND	STATE SEIZURE FUND	STANFORD HOUSE	CONSTRUCTION PROJECTS FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
REVENUES							
Taxes:							
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	682,736
Service Charges	-	-	-	-	-	-	15,720
License & Permits	-	-	-	-	-	-	22,331
Fines & Forfeitures	-	-	-	-	-	-	32,336
Investment Income	8	86	-	965	1,041	7	3,521
Intergovernmental Revenues	-	-	-	-	-	-	3,184
Other Income	-	6,490	-	-	19,985	-	124,755
TOTAL REVENUES	8	6,576	-	965	21,026	7	884,583
EXPENDITURES							
Current:							
General Government	-	-	-	54,086	-	-	271,277
Community Development	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-
Public Safety	-	9,986	-	8,976	-	-	37,780
Public Works	-	-	-	-	-	-	48,431
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-
Capital Outlay	-	11,247	-	355,444	-	-	765,615
TOTAL EXPENDITURES	-	21,233	-	418,506	-	-	1,123,103
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8	(14,657)	-	(417,541)	21,026	7	(238,520)
OTHER FINANCING SOURCES (USES):							
Issuance of Debt	-	-	-	-	-	-	-
Funds Transferred In	-	-	-	285,109	-	-	285,195
Funds Transferred Out	-	-	-	(959)	(3,000)	-	(549,451)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	284,150	(3,000)	-	(264,256)
NET CHANGE IN FUND BALANCES	8	(14,657)	-	(133,391)	18,026	7	(502,776)
FUND BALANCE - Oct 1 as previously reported	2,963	37,025	239,828	461,233	1,409,953	10,686	3,097,034
PRIOR PERIOD ADJUSTMENT	-	-	(239,828)	-	-	-	(239,828)
FUND BALANCE-October 1, as restated	2,963	37,025	-	461,233	1,409,953	10,686	2,857,206
FUND BALANCE - September 30	\$ 2,971	\$ 22,368	\$ -	\$ 327,842	\$ 1,427,979	\$ 10,693	\$ 2,354,430



Budgetary Comparison Schedules

Major Governmental Funds

CITY OF GAINESVILLE, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Ad Valorem Taxes	\$ 2,223,626	\$ 2,236,397	\$ 2,276,537	\$ 40,140
Investment Income	2,000	2,000	1,673	(327)
Other Income	11,160	11,160	9,720	(1,440)
TOTAL REVENUES	<u>2,236,786</u>	<u>2,249,557</u>	<u>2,287,930</u>	<u>38,373</u>
EXPENDITURES				
Current:				
General Government	94,000	94,000	88,854	5,146
Debt Service				
Principal Retirement	1,429,204	1,429,204	1,429,204	-
Interest and Fiscal Charges	703,839	714,356	603,212	111,144
TOTAL EXPENDITURES	<u>2,227,043</u>	<u>2,237,560</u>	<u>2,121,270</u>	<u>116,290</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,743</u>	<u>11,997</u>	<u>166,660</u>	<u>154,663</u>
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Funds Transferred In	-	-	-	-
Funds Transferred Out	(9,493)	(10,517)	(282,118)	(271,601)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,493)</u>	<u>(10,517)</u>	<u>(282,118)</u>	<u>(271,601)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	250	1,480	(115,458)	(116,938)
FUND BALANCE - October 1	<u>1,063,979</u>	<u>1,063,979</u>	<u>1,063,979</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 1,064,229</u>	<u>\$ 1,065,459</u>	<u>\$ 948,521</u>	<u>\$ (116,938)</u>

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

CITY OF GAINESVILLE, TEXAS
ASSIGNED PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGET</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Investment Income	200	1,600	3,199	1,599
Other Income	-	-	-	-
TOTAL REVENUES	<u>200</u>	<u>1,600</u>	<u>3,199</u>	<u>1,599</u>
EXPENDITURES				
Current:				
General Government	100,000	100,000	22,753	77,247
Capital Outlay	616,000	431,880	396,918	34,962
Total EXPENDITURES	<u>716,000</u>	<u>531,880</u>	<u>419,671</u>	<u>112,209</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(715,800)</u>	<u>(530,280)</u>	<u>(416,472)</u>	<u>113,808</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	2,021,419	2,021,419
Funds Transferred Out	-	-	(59,549)	(59,549)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,961,870</u>	<u>1,961,870</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(715,800)</u>	<u>(530,280)</u>	<u>1,545,398</u>	<u>2,075,678</u>
FUND BALANCE - October 1	<u>4,107,254</u>	<u>4,107,254</u>	<u>4,107,254</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 3,391,454</u>	<u>\$ 3,576,974</u>	<u>\$ 5,652,652</u>	<u>\$ 2,075,678</u>



Budgetary Comparison Schedules

Nonmajor Governmental Funds

CITY OF GAINESVILLE, TEXAS
MUNICIPAL COURT TECHNOLOGY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Fines & Forfeitures	\$ 10,000	\$ 9,000	\$ 10,006	\$ 1,006
Investment Income	-	-	22	22
Other Income	-	-	-	-
TOTAL REVENUES	<u>10,000</u>	<u>9,000</u>	<u>10,028</u>	<u>1,028</u>
EXPENDITURES				
Current:				
Public Safety	<u>7,400</u>	<u>7,056</u>	<u>12,108</u>	<u>(5,052)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,600</u>	<u>1,944</u>	<u>(2,080)</u>	<u>(4,024)</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,600	1,944	(2,080)	(4,024)
FUND BALANCE - October 1	<u>8,269</u>	<u>8,269</u>	<u>8,269</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 10,869</u>	<u>\$ 10,213</u>	<u>\$ 6,189</u>	<u>\$ (4,024)</u>

CITY OF GAINESVILLE, TEXAS
MUNICIPAL COURT SECURITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Fines & Forfeitures	\$ 6,000	\$ 6,000	\$ 7,502	\$ 1,502
Investment Income	-	8	13	5
Other Income	-	-	-	-
TOTAL REVENUES	<u>6,000</u>	<u>6,008</u>	<u>7,515</u>	<u>1,507</u>
EXPENDITURES				
Current:				
Public Safety	800	1,335	341	994
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>800</u>	<u>1,335</u>	<u>341</u>	<u>994</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,200</u>	<u>4,673</u>	<u>7,174</u>	<u>2,501</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(5,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	200	4,673	7,174	2,501
FUND BALANCE - October 1	<u>1,384</u>	<u>1,384</u>	<u>1,384</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 1,584</u>	<u>\$ 6,057</u>	<u>\$ 8,558</u>	<u>\$ 2,501</u>

CITY OF GAINESVILLE, TEXAS
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Other Local Taxes	\$ 520,500	\$ 517,000	\$ 682,736	\$ 165,736
Investment Income	750	750	838	88
Other Income	-	69	-	(69)
TOTAL REVENUES	<u>521,250</u>	<u>517,819</u>	<u>683,574</u>	<u>165,755</u>
EXPENDITURES				
Current:				
General Government	156,700	209,000	155,199	53,801
Capital Outlay	245,717	411,926	339,834	72,092
TOTAL EXPENDITURES	<u>402,417</u>	<u>620,926</u>	<u>495,033</u>	<u>125,893</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>118,833</u>	<u>(103,107)</u>	<u>188,541</u>	<u>291,648</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(397,565)	(397,565)	(531,568)	(134,003)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(397,565)</u>	<u>(397,565)</u>	<u>(531,568)</u>	<u>(134,003)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(278,732)</u>	<u>(500,672)</u>	<u>(343,027)</u>	<u>157,645</u>
FUND BALANCE - October 1	<u>789,424</u>	<u>789,424</u>	<u>789,424</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 510,692</u>	<u>\$ 288,752</u>	<u>\$ 446,397</u>	<u>\$ 157,645</u>

CITY OF GAINESVILLE, TEXAS
LAW ENFORCEMENT EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	-	1	4	(4)
Other Income	3,224	3,184	3,184	40
TOTAL REVENUES	<u>3,224</u>	<u>3,185</u>	<u>3,188</u>	<u>36</u>
EXPENDITURES				
Current:				
Public Safety	-	3,185	3,188	(3)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>3,185</u>	<u>3,188</u>	<u>(3)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,224</u>	<u>-</u>	<u>-</u>	<u>33</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>3,224</u>	<u>-</u>	<u>-</u>	<u>33</u>
FUND BALANCE - October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 3,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>

CITY OF GAINESVILLE, TEXAS
G.I.V.E. FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Investment Income	-	1	4	3
Other Income	2,171	2,171	1,657	(514)
TOTAL REVENUES	<u>2,171</u>	<u>2,172</u>	<u>1,661</u>	<u>(511)</u>
EXPENDITURES				
Current:				
General Government	2,171	2,171	1,693	478
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1</u>	<u>(32)</u>	<u>(33)</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	(86)	(86)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(86)</u>	<u>(86)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>1</u>	<u>(118)</u>	<u>(119)</u>
FUND BALANCE - October 1	<u>247</u>	<u>247</u>	<u>247</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 247</u>	<u>\$ 248</u>	<u>\$ 129</u>	<u>\$ (119)</u>

CITY OF GAINESVILLE, TEXAS
JUVENILE CASE MANAGER
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGET</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fines & Forfeitures	\$ 10,600	\$ 14,400	\$ 14,828	\$ 428
Investment Income	-	-	31	31
Other Income	-	-	-	-
TOTAL REVENUES	<u>10,600</u>	<u>14,400</u>	<u>14,859</u>	<u>459</u>
EXPENDITURES				
Current:				
Public Safety	-	562	562	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>562</u>	<u>562</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,600</u>	<u>13,838</u>	<u>14,297</u>	<u>459</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(10,000)	(13,838)	(13,838)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>(13,838)</u>	<u>(13,838)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	600	-	459	459
FUND BALANCE - October 1	<u>3,030</u>	<u>3,030</u>	<u>3,030</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 3,630</u>	<u>\$ 3,030</u>	<u>\$ 3,489</u>	<u>\$ 459</u>

CITY OF GAINESVILLE, TEXAS
MEDAL OF HONOR
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	20	27	169	142
Other income	45,000	54,410	59,980	5,570
TOTAL REVENUES	<u>45,020</u>	<u>54,437</u>	<u>60,149</u>	<u>5,712</u>
EXPENDITURES				
Current:				
General Government	<u>45,020</u>	<u>54,437</u>	<u>60,149</u>	<u>(5,712)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Funds transferred in	-	-	-	-
Funds transferred (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE -OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GAINESVILLE, TEXAS
CITY ATHLETIC FIELDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for Services	\$ 20,000	\$ 20,000	\$ 15,720	\$ (4,280)
Investment income	55	55	77	22
Other income	-	-	-	-
TOTAL REVENUES	<u>20,055</u>	<u>20,055</u>	<u>15,797</u>	<u>(4,258)</u>
EXPENDITURES				
Current:				
Public Works	15,000	19,060	20,699	(1,639)
Capital Outlay	4,000	-	-	-
TOTAL EXPENDITURES	<u>19,000</u>	<u>19,060</u>	<u>20,699</u>	<u>(1,639)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,055</u>	<u>995</u>	<u>(4,902)</u>	<u>(5,897)</u>
OTHER FINANCING SOURCES (USES)				
Funds transferred in	-	-	86	86
Funds transferred (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>86</u>	<u>86</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>1,055</u>	<u>995</u>	<u>(4,816)</u>	<u>(5,811)</u>
FUND BALANCE -OCTOBER 1	<u>30,461</u>	<u>30,461</u>	<u>30,461</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 31,516</u>	<u>\$ 31,456</u>	<u>\$ 25,645</u>	<u>\$ (5,811)</u>

CITY OF GAINESVILLE, TEXAS
CABLE PEG FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
License & Permits	\$ 31,000	\$ 15,000	\$ 22,331	\$ 7,331
Investment Income	75	180	248	68
Other Income	-	-	-	-
TOTAL REVENUES	<u>31,075</u>	<u>15,180</u>	<u>22,579</u>	<u>7,399</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Capital Outlay	60,000	60,000	59,090	910
TOTAL EXPENDITURES	<u>60,000</u>	<u>60,000</u>	<u>59,090</u>	<u>910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(28,925)</u>	<u>(44,820)</u>	<u>(36,511)</u>	<u>8,309</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(28,925)</u>	<u>(44,820)</u>	<u>(36,511)</u>	<u>8,309</u>
FUND BALANCE - October 1	<u>102,531</u>	<u>102,531</u>	<u>102,531</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 73,606</u>	<u>\$ 57,711</u>	<u>\$ 66,020</u>	<u>\$ 8,309</u>

CITY OF GAINESVILLE, TEXAS
FEDERAL SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGET</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	8	8	8	-
Other income	-	-	-	-
TOTAL REVENUES	<u>8</u>	<u>8</u>	<u>8</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Works	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8</u>	<u>8</u>	<u>8</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Funds transferred in	-	-	-	-
Funds transferred (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>8</u>	<u>8</u>	<u>8</u>	<u>-</u>
FUND BALANCE -OCTOBER 1	<u>2,963</u>	<u>2,963</u>	<u>2,963</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 2,971</u>	<u>\$ 2,971</u>	<u>\$ 2,971</u>	<u>\$ -</u>

CITY OF GAINESVILLE, TEXAS
STATE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	42	60	86	26
Other income	10,000	6,490	6,490	-
TOTAL REVENUES	<u>10,042</u>	<u>6,550</u>	<u>6,576</u>	<u>26</u>
EXPENDITURES				
Current:				
Public Safety	12,000	23,339	9,986	13,353
Capital Outlay	-	-	11,247	(11,247)
TOTAL EXPENDITURES	<u>12,000</u>	<u>23,339</u>	<u>21,233</u>	<u>2,106</u>
	-			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,958)</u>	<u>(16,789)</u>	<u>(14,657)</u>	<u>2,132</u>
OTHER FINANCING SOURCES (USES)				
Funds transferred in	-	-	-	-
Funds transferred (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,958)</u>	<u>(16,789)</u>	<u>(14,657)</u>	<u>2,132</u>
FUND BALANCE -OCTOBER 1	<u>37,025</u>	<u>37,025</u>	<u>37,025</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 35,067</u>	<u>\$ 20,236</u>	<u>\$ 22,368</u>	<u>\$ 2,132</u>

CITY OF GAINESVILLE, TEXAS
CEMETERY PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	3,000	800	1,041	241
Other income	32,000	15,260	19,985	4,725
TOTAL REVENUES	<u>35,000</u>	<u>16,060</u>	<u>21,026</u>	<u>4,966</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>35,000</u>	<u>16,060</u>	<u>21,026</u>	<u>4,966</u>
OTHER FINANCING SOURCES (USES)				
Funds transferred in	-	-	-	-
Funds transferred (out)	(3,000)	(3,000)	(3,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	32,000	13,060	18,026	4,966
FUND BALANCE -OCTOBER 1	<u>1,409,953</u>	<u>1,409,953</u>	<u>1,409,953</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 1,441,953</u>	<u>\$ 1,423,013</u>	<u>\$ 1,427,979</u>	<u>\$ 4,966</u>

CITY OF GAINESVILLE, TEXAS
COHEN SCHOLARSHIP PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	10	6	7	1
Other income	-	-	-	-
TOTAL REVENUES	<u>10</u>	<u>6</u>	<u>7</u>	<u>1</u>
EXPENDITURES				
Current:				
General government	500	500	-	500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(490)</u>	<u>(494)</u>	<u>7</u>	<u>501</u>
OTHER FINANCING SOURCES (USES)				
Funds transferred in	-	-	-	-
Funds transferred (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(490)</u>	<u>(494)</u>	<u>7</u>	<u>501</u>
FUND BALANCE -OCTOBER 1	<u>10,686</u>	<u>10,686</u>	<u>10,686</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 10,196</u>	<u>\$ 10,192</u>	<u>\$ 10,693</u>	<u>\$ 501</u>



Capital Assets
Used in the Operation
Of Governmental Funds

CITY OF GAINESVILLE, TEXAS
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
September 30, 2015

Governmental Funds Capital Assets:	
Land	\$ 1,480,532
Buildings	10,285,702
Improvements other than Building	86,478,235
Machinery and Equipment	9,001,944
Furniture and Fixtures	191,426
Office Machinery and Equipment	1,969,225
Construction in Progress	<u>4,582,038</u>
Total Governmental Funds Capital Assets	<u><u>\$ 113,989,102</u></u>
Investment in Governmental Funds Capital Assets by Source:	
General Fund	\$ 110,699,510
Capital Project Funds	3,278,345
Special Revenue Funds	11,247
Permanent Funds	<u>-</u>
Total Investment in Governmental Capital Assets	<u><u>\$ 113,989,102</u></u>

This schedule presents only the capital asset balances related to governmental funds.

CITY OF GAINESVILLE, TEXAS
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
September 30, 2015

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Furniture and Fixtures	Office Mach. and Equipment	Construction In Progress	Total
General Government:								
Administration	\$ 158,971	\$ 479,530	\$ -	\$ 64,470	\$ -	\$ 74,417	\$ -	\$ 777,388
Main Street Program	-	-	350,197	-	-	-	-	350,197
Building Operations	375,612	5,808,681	1,239,529	74,920	173,208	38,425	-	7,710,375
Civic Center Operations	-	1,718,794	156,328	20,819	-	-	-	1,895,941
Public Assistance Program	166,209	-	-	-	-	-	-	166,209
Community Development	42,351	-	19,256	5,490	-	83,123	-	150,220
Cable Peg Fund	-	613,498	-	16,835	-	-	-	630,333
Finance	-	-	-	-	-	49,797	-	49,797
Total General Government	743,143	8,620,503	1,765,310	182,534	173,208	245,762	-	11,730,460
Public Safety:								
Police	-	299,588	125,806	2,877,624	18,218	1,520,480	-	4,841,716
Fire	-	119,687	-	3,044,800	-	136,039	-	3,300,526
Total Public Safety	-	419,275	125,806	5,922,424	18,218	1,656,519	-	8,142,242
Public Works:								
Administration	-	77,011	-	-	-	16,467	-	93,478
Street Maintenance	626,312	184,179	77,379,132	1,750,857	-	16,396	4,582,038	84,538,914
Central Garage	-	-	-	196,311	-	-	-	196,311
Stormwater Project	-	-	-	-	-	-	-	-
Parks and Recreation	111,077	391,826	3,547,260	448,780	-	-	-	4,498,943
Zoo Operations	-	45,980	2,718,200	161,298	-	34,081	-	2,959,559
Cemetery Operations	-	17,304	6,504	191,362	-	-	-	215,170
Total Public Works	737,389	716,300	83,651,096	2,748,608	-	66,944	4,582,038	92,502,375
Community Services:								
Parks and Recreation	-	479,530	43,638	70,348	-	-	-	593,516
Zoo	-	50,094	488,022	-	-	-	-	538,116
Inspections	-	-	-	51,970	-	-	-	51,970
Environmental Health	-	-	-	-	-	-	-	-
Cemetery	-	-	404,363	26,060	-	-	-	430,423
Total Community Services	-	529,624	936,023	148,378	-	-	-	1,614,025
Total Governmental Capital Assets	\$ 1,480,532	\$ 10,285,702	\$ 86,478,235	\$ 9,001,944	\$ 191,426	\$ 1,969,225	\$ 4,582,038	\$ 113,989,102

CITY OF GAINESVILLE, TEXAS
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Function and Activity	Balance 10/1/2014	Additions/ Completions	Disposals/ Reclassifications	Balance 9/30/2015
General Government:				
Administration	\$ 724,154	\$ 53,234	\$ -	\$ 777,388
Main Street Program	350,197	-	-	350,197
Building Operations	7,332,732	377,643	-	7,710,375
Civic Center Operations	1,828,808	67,133	-	1,895,941
Public Assistance Program	-	166,209	-	166,209
Community Development	175,464	-	(25,244)	150,220
Cable Peg Fund	629,904	429	-	630,333
Finance	49,797	-	-	49,797
Total General Government	11,091,056	664,648	(25,244)	11,730,460
Public Safety:				
Police	4,797,699	44,017	-	4,841,716
Fire	3,353,098	-	(52,572)	3,300,526
Total Public Safety	8,150,797	44,017	(52,572)	8,142,242
Public Works:				
Administration	127,559	-	(34,081)	93,478
Street Maintenance	81,874,448	2,685,448	(20,982)	84,538,914
Central Garage	196,311	-	-	196,311
Stormwater Project	-	-	-	-
Parks and Recreation	3,874,126	624,817	-	4,498,943
Zoo Operations	2,876,198	83,361	-	2,959,559
Other Operations	203,183	11,987	-	215,170
Total Public Works	89,151,825	3,405,613	(55,063)	92,502,375
Community Services:				
Parks and Recreation	534,488	361,818	(302,790)	593,516
Zoo	538,116	-	-	538,116
Inspections	75,535	-	(23,565)	51,970
Environmental Health	-	-	-	-
Cemetery	430,423	-	-	430,423
Total Community Services	1,578,562	361,818	(326,355)	1,614,025
Total Governmental Capital Assets	\$ 109,972,240	\$ 4,476,096	\$ (459,234)	\$ 113,989,102

This schedule presents only the capital asset balances related to governmental funds.



Report on Internal Control



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*

City Council
City of Gainesville
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 units, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Texas's basic financial statements, and have issued our report thereon dated February 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gainesville, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gainesville, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gainesville, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Schalk & Smith PC". The signature is written in black ink and is positioned above the printed name of the firm.

Schalk & Smith, P.C.
February 29, 2016



Statistical Section

STATISTICAL SECTION

This part of the City of Gainesville’s comprehensive annual 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 government’s overall financial health.

The following schedules are grouped by areas of information, as described below:

Contents	Page
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.	118
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources that include charges for services in Water & Sewer Fund and Solid Waste Fund, property tax and sales tax.	127
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.	137
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.	141
Operating Information These schedules contain personnel, 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.	143

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

**City of Gainesville, Texas
Net Assets by Component
Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net Investment in capital assets	\$ 57,472	\$ 392,926	\$ 779,029	\$ 2,978,341	\$ 2,633,311	\$ (1,359,842)	\$ (1,209,809)	\$ 4,129,634	\$ 3,551,425	\$ 7,022,501
Committed	1,109,828	1,153,826	1,173,937	1,208,887	1,241,202	1,272,802	1,327,746	1,374,067	1,420,639	1,438,672
Restricted										6,257,929
Unrestricted	676,384	2,135,879	4,224,966	4,885,310	6,487,507	13,574,502	18,787,054	15,860,901	20,892,158	9,587,756
Total governmental activities net assets	\$ 1,843,684	\$ 3,682,631	\$ 6,177,932	\$ 9,072,538	\$ 10,362,020	\$ 13,487,462	\$ 18,904,991	\$ 21,364,602	\$ 25,864,222	\$ 24,306,858
Business-type activities										
Net Investment in capital assets	\$ 4,000,256	\$ 3,437,721	\$ 3,440,372	\$ 3,394,196	\$ 1,955,664	\$ 5,535,078	\$ 6,282,114	\$ 7,684,214	\$ 16,196,466	\$ 17,184,026
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	59,311	714,675	1,361,440	2,474,873	5,468,599	3,852,677	4,447,825	5,531,782	5,408,349	4,695,184
Total business-type activities net assets	\$ 4,059,567	\$ 4,152,396	\$ 4,801,812	\$ 5,869,069	\$ 7,424,263	\$ 9,387,755	\$ 10,729,939	\$ 13,215,996	\$ 21,604,815	\$ 21,879,210
Primary government										
Net Investment in capital assets	\$ 4,057,728	\$ 3,830,647	\$ 4,219,401	\$ 4,219,401	\$ 6,372,537	\$ 4,588,975	\$ 5,072,305	\$ 11,813,848	\$ 19,747,891	\$ 24,206,527
Restricted for Permanent Endowment	1,109,828	1,153,826	1,173,937	1,173,937	1,208,887	1,241,202	1,327,746	1,374,067	1,420,639	1,438,672
Restricted										6,257,929
Unrestricted	735,695	2,850,554	5,586,406	5,586,406	7,360,183	11,956,106	23,234,879	21,392,683	26,300,507	14,282,940
Total primary government net assets	\$ 5,903,251	\$ 7,835,027	\$ 10,979,744	\$ 14,941,607	\$ 17,786,283	\$ 22,875,217	\$ 29,634,930	\$ 34,580,598	\$ 47,469,037	\$ 46,186,068

**City of Gainesville, Texas
Changes in Net Assets
Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$1,884,436	\$2,075,083	\$2,262,132	\$1,956,841	\$2,029,423	\$2,043,290	\$2,041,635	\$2,036,650	\$2,301,376	\$2,134,433
Community Development	739,496	276,415	349,900	354,000	410,999	347,571	375,589	488,974	499,803	474,022
Community Services	0	0	0	0	0	0	0	0	0	0
Finance	448,742	448,207	431,430	399,885	401,758	400,922	406,189	462,758	404,366	424,733
Public Safety	6,663,618	6,891,589	7,164,808	7,191,305	7,462,751	7,747,905	7,661,491	8,108,422	8,262,814	8,469,599
General/Public Services	3,707,325	4,035,694	4,130,729	3,630,306	3,419,627	3,347,486	3,376,631	3,572,040	3,731,174	3,790,990
Bond Issuance Cost	0	0	0	20,163	0	0	0	0	79,487	0
Interest on Long-Term Debt	716,205	484,224	536,201	530,804	450,764	808,937	674,442	703,793	544,840	609,610
Total Governmental Activities Expenses	14,159,822	14,211,212	14,875,200	14,083,304	14,175,322	14,696,111	14,535,977	15,372,637	15,823,860	15,903,387
Business-Type Activities:										
Water and Sewer	5,537,915	5,518,745	5,473,198	5,525,366	5,539,750	5,890,140	5,707,742	5,532,425	6,450,530	6,084,430
Municipal Airport	1,159,891	1,264,900	1,563,695	1,072,340	1,097,044	1,339,425	1,382,664	1,254,272	1,336,488	1,162,751
Golf Course	513,501	543,412	617,356	582,525	550,564	558,961	424,216	387,220	390,556	380,340
Stormwater	322,836	286,029	320,769	442,089	393,324	194,267	226,363	261,470	373,440	397,236
Solid Waste	2,647,006	2,692,962	2,782,776	2,581,076	2,446,737	2,316,359	2,653,827	2,638,857	2,775,951	2,454,876
Total Business-Type Activities Expenses	10,181,149	10,306,048	10,757,794	10,203,396	10,027,419	10,299,152	10,394,812	10,074,244	11,326,965	10,479,633
Total Primary Government Expenses	\$24,340,971	\$24,517,260	\$25,632,994	\$24,286,700	\$24,202,741	\$24,995,263	\$24,930,789	\$25,446,881	\$27,150,825	\$26,383,020
Program Revenues										
Governmental Activities:										
Fines, Fees, Charges for Services										
General Government	\$0	\$25,000	\$25,000	\$0	\$0	\$0	\$40,808	\$32,159	\$0	\$22,331
Community Development	752,026	725,940	851,088	392,201	372,813	481,946	546,688	560,554	691,640	665,918
Public Safety	497,638	505,799	587,271	467,336	425,670	471,929	361,494	123,184	272,044	375,469
General/Public Services	0	0	0	453,436	453,449	518,943	533,552	605,285	675,361	423,529
Operating Grants and Contributions	523,173	883,906	385,352	1,480,927	235,593	268,736	259,748	409,629	260,794	50,600
Total Governmental Activities Program Revenues	1,772,837	2,140,645	1,848,711	2,793,900	1,487,525	1,741,554	1,742,290	1,730,811	1,899,839	1,537,847
Program Revenues (continued)										
Business-Type Activities:										
Fines, Fees, Charges for Services										
Water and Sewer	\$6,856,607	\$6,747,113	\$6,958,762	\$7,262,043	\$7,106,996	\$7,691,710	\$7,803,192	\$7,494,981	\$7,510,490	\$7,541,024
Municipal Airport	923,305	961,110	1,263,399	878,792	896,501	1,132,279	1,164,363	1,141,161	1,250,890	989,594
Golf Course	322,630	250,432	366,356	345,795	285,532	270,195	76,110	172,214	193,863	141,525
Stormwater	513,261	545,569	551,395	963,149	960,287	949,795	952,558	1,003,269	1,002,231	1,003,379
Solid Waste	3,689,012	3,843,877	3,817,914	3,490,902	3,395,912	3,591,358	3,798,315	4,383,827	3,690,851	3,812,793

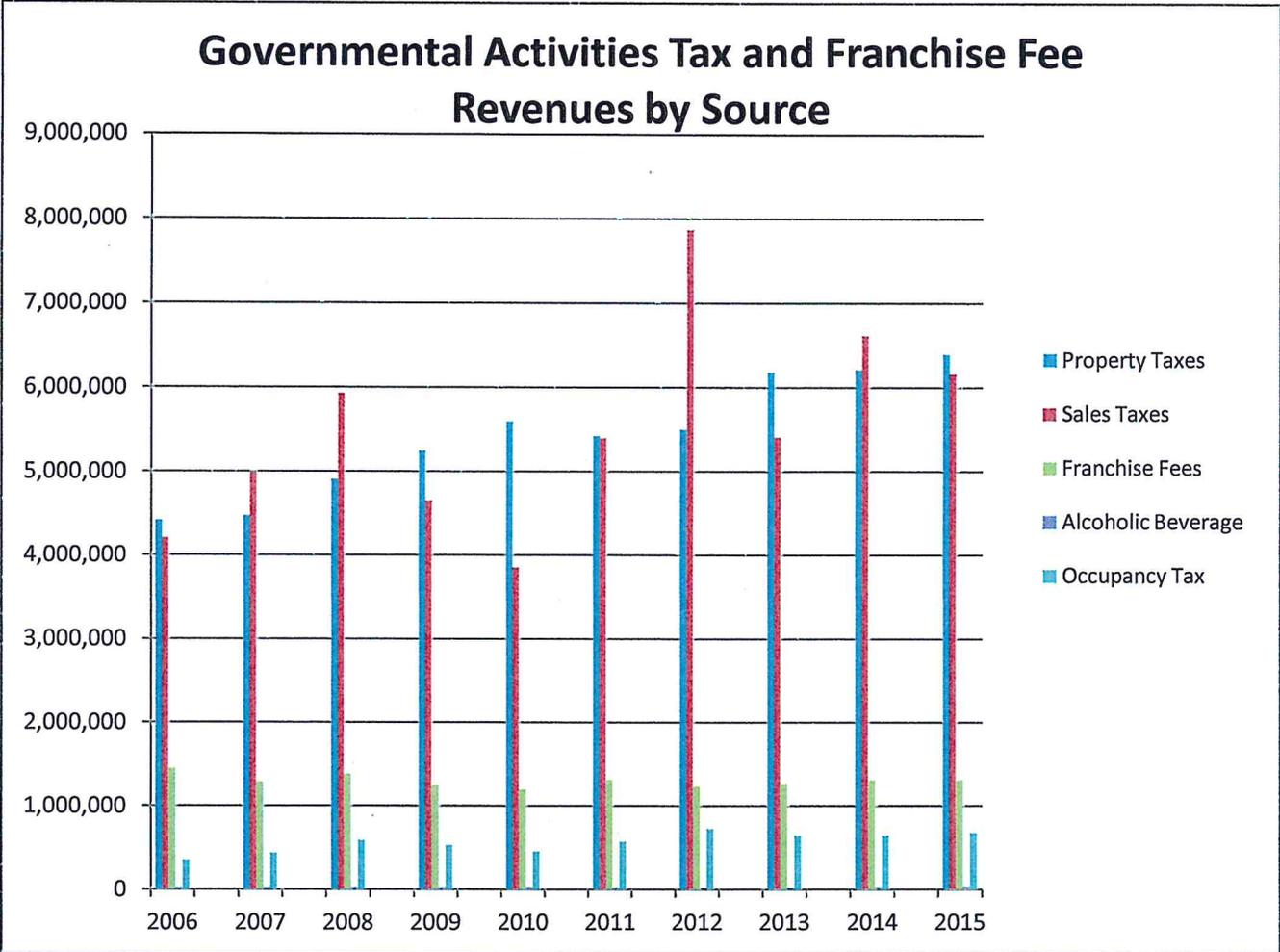
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Grants and Contributions	136,933	76,539	90,123	185,616	919,693	377,385	276,940	0	472,676	86,996
Total Business-Type Activities Program Revenue	12,441,748	12,424,640	13,047,949	13,126,297	13,564,921	14,012,722	14,071,478	14,195,452	14,121,001	13,575,311
Total Primary Government Program Revenues	\$14,214,585	\$14,565,285	\$14,896,660	\$15,920,197	\$15,052,446	\$15,754,276	\$15,813,768	\$15,926,263	\$16,020,840	\$15,113,158
Net (Expense)/Revenue										
Governmental Activities	(\$12,386,985)	(\$12,070,567)	(\$13,026,489)	(\$11,289,404)	(\$12,687,797)	(\$12,954,557)	(\$12,793,687)	(\$13,641,826)	(\$13,924,021)	(\$14,365,540)
Business-Type Activities	2,260,599	2,118,592	2,290,155	2,922,901	3,537,502	3,713,570	3,676,666	4,121,208	2,794,036	3,095,678
Total Primary Government	(\$10,126,386)	(\$9,951,975)	(\$10,736,334)	(\$8,366,503)	(\$9,150,295)	(\$9,240,987)	(\$9,117,021)	(\$9,520,618)	(\$11,129,985)	(\$11,269,862)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	\$4,421,385	\$4,482,892	\$4,891,706	\$5,254,558	\$5,626,157	\$5,424,213	\$5,501,785	\$6,200,651	\$6,216,770	\$6,400,677
Sales Taxes	4,211,791	5,026,128	6,052,952	4,442,416	3,961,931	5,401,018	7,875,346	5,409,389	6,622,880	6,167,640
Other Taxes & Fees	1,840,505	1,761,358	2,015,097	1,822,054	1,697,810	1,935,302	1,993,321	1,954,504	2,002,165	2,040,775
Investment Income	87,331	152,191	134,030	78,460	31,581	32,797	25,372	28,797	11,821	18,749
Miscellaneous	470,074	450,333	364,550	514,287	657,349	1,322,069	476,078	476,078	1,459,148	359,767
Transfers In (Out)	1,857,252	2,036,612	2,063,455	1,979,229	2,002,451	2,108,944	2,339,314	2,339,314	2,110,857	1,865,324
Total Government Activities	12,888,338	13,909,514	15,521,790	14,091,004	13,977,279	16,224,343	18,211,216	16,408,733	18,423,641	16,852,932
Business-Type Activities:										
Investment Income	9,151	36,710	34,741	39,618	11,181	4,462	4,832	6,778	5,795	11,927
Miscellaneous	0	347,374	387,975	83,967	8,962	10,000	0	998,514	7,699,845	0
Transfers In (Out)	(1,857,252)	(2,036,612)	(2,063,455)	(1,979,229)	(2,002,451)	(2,108,944)	(2,339,314)	(2,339,314)	(2,110,857)	(1,865,324)
Total Business-Type Activities	(1,848,101)	(1,652,528)	(1,640,739)	(1,855,644)	(1,982,308)	(2,094,482)	(2,334,482)	(1,334,022)	5,594,783	(1,853,397)
Total Primary Government	\$11,040,237	\$12,256,986	\$13,881,051	\$12,235,360	\$11,994,971	\$14,129,861	\$15,876,734	\$15,074,711	\$24,018,424	\$14,999,535
Change in Net Assets										
Governmental Activities	\$501,353	\$1,838,947	\$2,495,301	\$2,801,600	\$1,289,482	\$3,269,786	\$5,417,529	\$2,766,907	\$4,499,620	\$2,487,392
Business-Type Activities	412,498	466,064	649,416	1,067,257	1,555,194	1,619,088	1,342,184	2,787,186	8,388,819	1,242,281
Total Primary Government	\$913,851	\$2,305,011	\$3,144,717	\$3,868,857	\$2,844,676	\$4,888,874	\$6,759,713	\$5,554,093	\$12,888,439	\$3,729,673

City of Gainesville, Texas
Governmental Activities Tax and Franchise Fee Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Sales Taxes	Franchise Fees	Alcoholic Beverage Taxes	Occupancy Tax	Total
2006	\$ 4,421,385	\$ 4,211,791	\$ 1,452,555	\$ 29,906	\$ 358,044	\$ 10,473,681
2007	4,477,453	4,989,105	1,290,673	29,557	441,128	11,227,916
2008	4,907,152	5,929,819	1,389,550	31,542	594,005	12,852,068
2009	5,246,238	4,653,940	1,250,451	31,845	539,758	11,722,232
2010	5,598,223	3,854,804	1,200,729	35,672	461,409	11,150,837
2011	5,424,213	5,401,018	1,321,800	32,358	581,144	12,760,533
2012	5,501,785	7,875,346	1,236,765	26,115	730,441	15,370,452
2013	6,186,065	5,409,389	1,273,521	28,797	652,186	13,549,958
2014	6,216,770	6,622,880	1,314,767	37,416	649,982	14,841,815
2015	\$ 6,400,677	\$ 6,167,640	\$ 1,315,960	\$ 42,079	\$ 682,736	\$ 14,609,092

Statement of Rev and Exp and changes in Fund Balances

Statement of Activities



City of Gainesville, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$43,656	\$19,235	\$40,530	\$428	\$628	\$0	\$0	\$0	\$0	\$0
Unreserved	1,007,234	1,938,783	3,385,907	4,224,247	5,051,487	0	0	0	0	0
Nonspendable	0	0	0	0	0	459	0	770	978	547
Assigned:										
Stanford House	0	0	0	0	0	0	0	0	0	
Construction	0	0	0	0	0	0	2,254,213	0	0	
Other	0	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	0	0	6,679,703	6,880,162	7,216,399	7,407,227	7,583,096
Total General Fund	\$1,050,890	\$1,958,018	\$3,426,437	\$4,224,675	\$5,052,115	\$6,680,162	\$9,134,375	\$7,217,169	\$7,408,205	\$7,583,643
All Other Governmental Funds										
Reserved	\$1,127,641	\$1,404,099	\$2,208,169	\$1,875,114	\$3,895,572	\$0	\$0	\$0	\$0	\$0
Unreserved, reported in:										
Special Revenue Funds	(764,402)	(590,815)	(88,470)	0	86,580	0	0	0	0	0
Capital Projects Funds	584,107	(65,886)	0	328,115	0	0	0	0	0	0
Nonspendable	0	0	0	0	0	0	0	770	0	0
Restricted:										
Debt Service	0	0	0	0	0	844,347	1,022,513	1,024,748	1,063,979	948,521
Construction	0	0	0	0	0	4,930,607	5,315,306	3,760,040	5,000,089	4,517,997
Tourism and the Arts	0	0	0	0	0	353,043	601,934	768,661	789,424	446,397
Other	0	0	0	0	0	63,139	91,591	106,663	165,888	120,288
Committed:										
Cemetery	0	0	0	0	0	1,272,802	1,327,746	1,374,067	1,409,953	1,427,979
Assigned:										
Stanford House	0	0	0	0	0	162,312	211,859	206,429	239,828	0
Construction	0	0	0	0	0	114,862	2,035,103	2,564,024	2,477,635	334,032
Other	0	0	0	0	0	18,189	27,528	48,354	4,137,962	5,678,426
Unassigned	0	0	0	0	0	0	0	0	0	0
Total All Other Governmental Funds	\$947,346	\$747,398	\$2,119,699	\$2,203,229	\$3,982,152	\$7,759,301	\$10,633,580	\$9,853,756	\$15,284,758	\$13,473,640

In FY 2011, the City adopted GASB 54 which redefines how fund balances of the governmental funds are presented in the financial statements.

City of Gainesville, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad Valorem Taxes	\$ 4,436,631	\$ 4,477,453	\$ 4,907,152	\$ 5,246,238	\$ 5,598,223	\$ 5,470,155	\$ 5,508,886	\$ 6,200,651	\$ 6,227,465	\$ 6,417,559
Sales Taxes	4,153,560	4,989,105	5,929,819	4,653,940	3,854,804	5,401,018	7,875,346	5,409,389	6,622,880	6,167,640
Other Local Taxes/Fees	1,840,505	1,761,358	2,015,097	1,822,054	1,697,810	1,935,302	1,993,321	1,954,504	2,002,165	2,040,775
Service Charges	508,518	569,915	673,298	672,489	686,216	796,144	835,854	896,422	1,091,780	846,746
License & Permits	243,508	181,020	202,790	173,148	140,046	204,745	285,195	269,957	275,221	265,032
Fines & Forfeitures	457,731	486,678	476,939	489,252	464,628	367,930	371,319	301,256	394,361	382,478
Interest from Investments	87,332	152,191	134,030	78,460	31,582	32,797	25,370	26,220	11,821	18,753
Intergovernmental Revenues	523,173	883,906	385,352	209,656	309,615	268,736	259,748	409,629	260,794	50,600
Other Income	470,072	450,333	364,548	1,711,537	657,348	1,322,070	485,357	1,441,807	1,315,154	389,004
Total Revenues	\$ 12,721,030	\$ 13,951,959	\$ 15,089,025	\$ 15,056,774	\$ 13,440,272	\$ 15,798,897	\$ 17,640,396	\$ 16,909,835	\$ 18,201,641	\$ 16,578,587
Expenditures										
General Government	\$ 1,458,781	\$ 1,822,669	\$ 1,551,903	\$ 1,548,379	\$ 1,596,675	\$ 1,516,231	\$ 1,684,168	\$ 1,691,503	\$ 1,976,208	\$ 1,807,994
Community Development	675,742	270,842	351,506	376,869	366,368	313,163	333,267	439,962	440,433	417,969
Finance	435,367	434,032	432,879	375,468	402,465	399,691	401,010	445,875	418,602	428,260
Public Safety	6,510,645	6,699,091	6,958,067	6,932,074	7,144,821	7,373,057	7,267,715	7,621,916	7,848,716	8,089,744
Public Works	3,243,210	3,483,003	3,532,328	3,098,509	2,945,265	2,872,241	2,868,685	2,981,317	3,105,835	3,133,526
Non-Departmental	0	0	0	20,163	0	202,193	0	0	0	0
Capital Outlay	999,920	1,508,562	827,154	2,200,960	917,862	4,533,090	3,308,994	6,824,053	3,982,712	3,996,564
Debt Service:										
Principal	950,260	982,345	1,077,595	1,165,913	978,483	1,039,008	1,189,641	1,375,923	1,371,400	1,429,204
Interest	717,684	493,067	542,350	528,907	463,946	774,173	656,586	741,728	561,934	603,212
Bond Issuance Cost	0	0	0	0	0	0	70,812	0	79,487	
Total Expenditures	\$ 14,991,609	\$ 15,693,611	\$ 15,273,782	\$ 16,247,242	\$ 14,815,885	\$ 19,022,847	\$ 17,780,878	\$ 22,122,277	\$ 19,785,327	\$ 19,906,473
Excess of revenues										
over(under) expenditures	(2,270,579)	(1,741,652)	(184,757)	(1,190,468)	(1,375,613)	(3,223,950)	(140,482)	(5,212,442)	(1,583,686)	(3,327,886)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing Sources (Uses):										
Proceeds from Bond Issues	192,959	412,220	962,020	0	1,979,525	0	3,129,660	0	5,095,637	
Proceeds from Leases	0	0	0	0	0	0	0	0	0	0
Funds transferred In	2,711,170	3,247,876	3,626,811	3,480,751	3,338,694	3,816,647	5,543,233	6,493,478	5,846,196	5,105,940
Funds transferred out	(853,915)	(1,211,264)	(1,563,354)	(1,501,522)	(1,336,243)	(1,709,703)	(3,203,919)	(3,978,836)	(3,735,339)	(3,240,616)
Total Other Financing Sources(Uses)	2,050,214	2,448,832	3,025,477	1,979,229	3,981,976	2,106,944	5,468,974	2,514,642	7,206,494	1,865,324
Net Change in Fund Balances	(\$220,365)	\$707,180	\$2,840,720	\$788,761	\$2,606,363	(\$1,117,006)	\$5,328,492	(\$2,697,800)	\$5,622,808	(\$1,462,562)
Debt Service as a percentage of										
Noncapital Expenditures	11.92%	10.40%	11.21%	12.07%	10.38%	12.51%	12.76%	13.84%	12.23%	12.77%

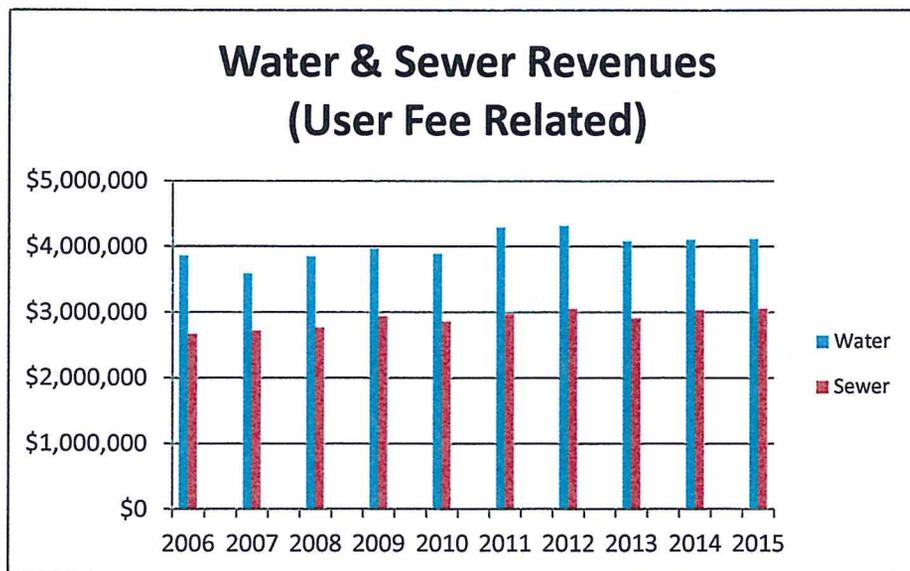
**City of Gainesville, Texas
Water and Sewer Rates-Residential
Last Ten Years**

Fiscal Year	Water Base (per month)	Water Rate (per 1000 gals)	Sewer Base (per month)	Sewer Rate (per 1000 gals)
2006	\$15.90	\$3.09	\$15.19	\$2.80
2007	17.37	3.38	15.80	2.91
2008	17.37	3.38	15.80	2.91
2009	18.41	3.58	16.91	3.11
2010	18.41	3.58	16.91	3.11
2011	18.41	3.58	16.91	3.11
2012	18.96	3.69	17.42	3.20
2013	18.96	3.69	17.42	3.20
2014	19.53	3.80	17.94	3.30
2015	\$19.53	\$3.80	\$17.94	\$3.69

Source: City of Gainesville Customer Service

**City of Gainesville, Texas
Water and Sewer Revenues
Last Ten Fiscal Years**

Fiscal Year	Water Related Revenues	Sewer Related Revenues	Total
2006	\$3,873,001	\$2,686,232	\$6,559,233
2007	3,599,687	2,734,583	6,334,270
2008	3,861,338	2,781,184	6,642,522
2009	3,978,644	2,951,698	6,930,342
2010	3,905,808	2,875,628	6,781,436
2011	4,300,165	2,983,965	7,284,130
2012	4,324,687	3,067,266	7,391,953
2013	4,090,186	2,927,470	7,017,656
2014	4,113,495	3,049,053	7,162,548
2015	\$4,125,146	\$3,068,783	\$7,193,929



**City of Gainesville, Texas
Ten Largest Consumers of Water
Current Year and Nine Years Ago**

Customer	2015		2006
	Total Consumption For Customer Rank (in gallons)	Rank	Total Consumption For Customer Rank (in gallons)
Zodiac (formerly Weber Aircraft)	11,105,810	6	7,093,640
Duraline FKA Polypipe Inc.	9,426,200	7	6,090,000
Frank Buck Zoo	9,040,400	4	7,957,500
Gainesville State School	8,923,000	2	15,195,000
North Central Texas College	5,892,800	5	7,283,050
Pecan Tree Manor	5,879,600	10	3,629,200
Gainesville ISD	5,453,300	3	8,924,240
Renaissance Care Center	4,878,100		
GAF Materials	4,422,330		
Woodglen Apts	4,011,500	9	3,855,900
Cooke County Justice Center	3,629,630		
River Valley Health and Rehab	3,319,500		
Home Depot	3,505,400		
SunSet Village		1	30,058,958
North Texas Medoca; Center		9	3,718,000
Back 40 Water Supply		8	4,278,800
Total Water Consumption	<u>79,487,570</u>		<u>98,084,288</u>

Source: City of Gainesville Customer Service

**City of Gainesville, Texas
Direct and Overlapping Sales Tax Rates
Last Ten Years**

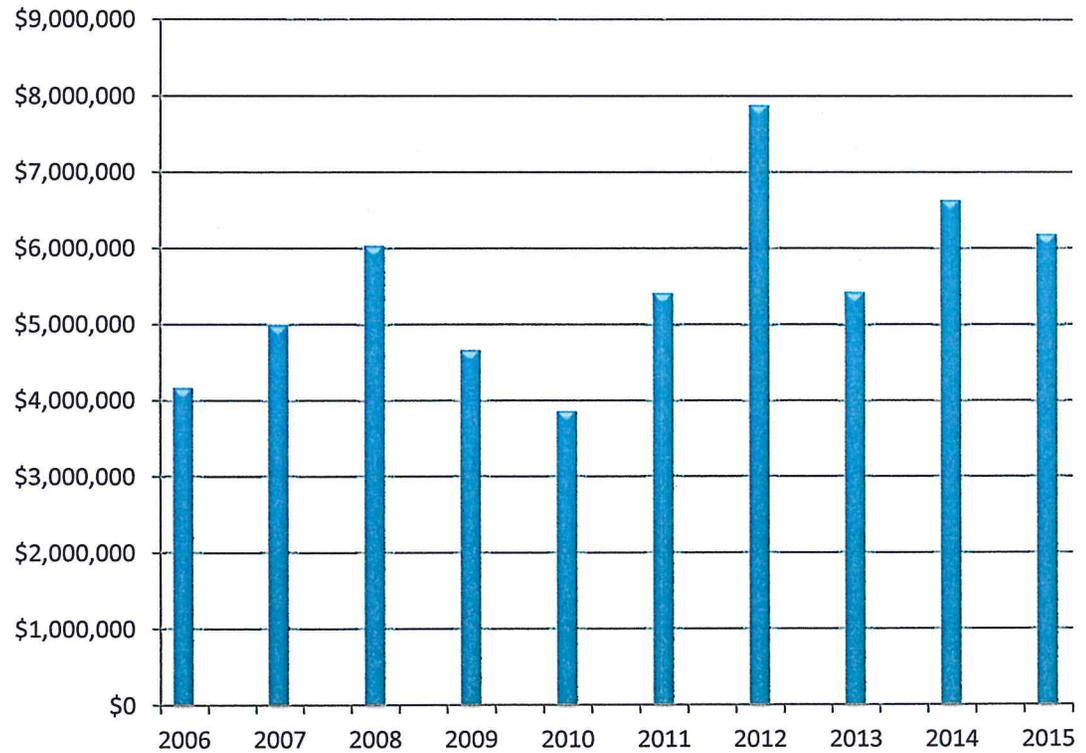
Fiscal Year	State of Texas	Cooke County	City of Gainesville	Gainesville Economic Development	Totals
2006	6.25%	0.50%	1.25%	0.25%	8.25%
2007	6.25%	0.50%	1.25%	0.25%	8.25%
2008	6.25%	0.50%	1.25%	0.25%	8.25%
2009	6.25%	0.50%	1.25%	0.25%	8.25%
2010	6.25%	0.50%	1.25%	0.25%	8.25%
2011	6.25%	0.50%	1.25%	0.25%	8.25%
2012	6.25%	0.50%	1.25%	0.25%	8.25%
2013	6.25%	0.50%	1.25%	0.25%	8.25%
2014	6.25%	0.50%	1.25%	0.25%	8.25%
2015	6.25%	0.50%	1.25%	0.25%	8.25%

Source: Texas State Comptroller's Office

**City of Gainesville, Texas
Sales Tax Revenue
Last Ten Years**

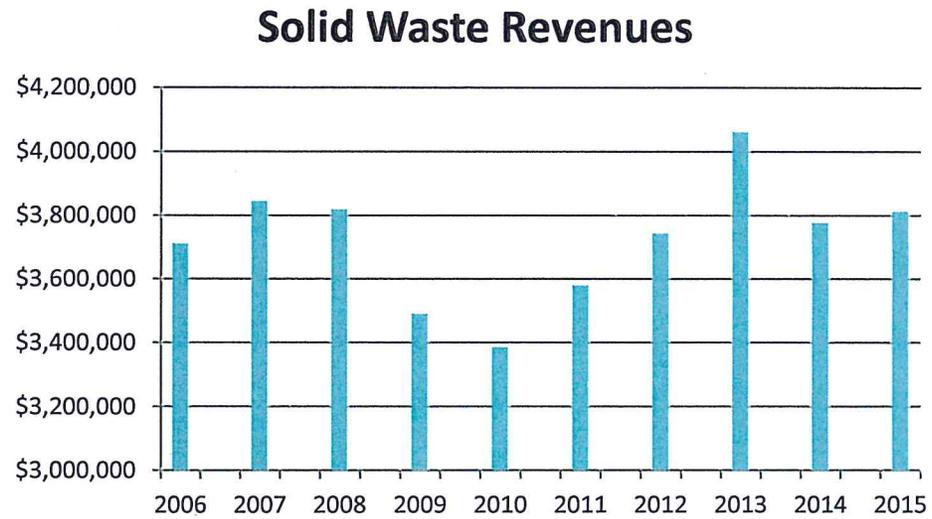
<u>Fiscal Year</u>	<u>Sales Tax Revenue</u>
2006	\$4,153,560
2007	4,989,105
2008	6,022,826
2009	4,653,940
2010	3,854,804
2011	5,401,018
2012	7,875,346
2013	5,409,389
2014	6,622,880
2015	\$6,167,640

**Sales Tax Revenue
Ten Year History**



**City of Gainesville, Texas
Solid Waste Fund Revenues
Last Ten Fiscal Years**

Fiscal Year	Charges for Service Revenues
2006	\$3,710,112
2007	3,843,877
2008	3,817,914
2009	3,490,902
2010	3,386,152
2011	3,579,640
2012	3,743,090
2013	4,061,060
2014	3,776,396
2015	\$3,812,793



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

Fiscal Year	Real Property		Personal Property			Total		Total Direct Tax Rate	Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Exemptions	Assessed Value	Estimated Actual Value		
2006	\$ 518,728,498	\$ 518,728,498	\$ 169,865,063	\$ 169,865,063	\$ 78,680,466	\$ 609,913,095	\$ 609,913,095	0.700000	100.0%
2007	559,762,307	559,762,307	170,445,045	170,445,045	88,316,143	641,891,209	641,891,209	0.700000	100.0%
2008	611,842,551	611,842,551	154,205,466	154,205,466	98,372,454	667,675,563	667,675,563	0.670000	100.0%
2009	687,450,674	687,450,674	239,500,016	239,500,016	118,510,775	808,439,915	808,439,915	0.647000	100.0%
2010	710,898,777	710,898,777	263,735,991	263,735,991	112,937,346	861,697,422	861,697,422	0.647000	100.0%
2011	691,998,166	691,998,166	249,495,937	249,495,937	96,853,793	844,640,310	844,640,310	0.647000	100.0%
2012	668,596,357	668,596,357	273,542,638	273,542,638	96,087,259	846,051,736	846,051,736	0.647000	100.0%
2013	757,402,957	757,402,957	374,357,017	374,357,017	(2) 269,937,257	861,822,717	861,822,717	0.646000	100.0%
2014	806,604,990	806,604,990	485,569,221	485,569,221	309,805,953	982,368,258	982,368,258	0.687822	100.0%
2015	\$ 805,382,183	\$ 805,382,183	\$ 451,099,647	\$ 451,099,647	\$ 266,968,268	\$ 989,513,562	\$ 989,513,562	0.697822	100.0%

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

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

**City of Gainesville, Texas
Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Gainesville			Cooke County			Gainesville School District			Other (2)			Total
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total Other Rate	
2006	\$0.38955	\$0.28345	\$0.67300	\$0.37431	\$0.03870	\$0.41301	\$1.50000	\$0.05500	\$1.55500	\$1.50560	\$0.18040	\$1.68600	\$4.32701
2007	0.36301	0.28609	0.64910	0.33990	0.04180	0.38170	1.37000	0.33830	1.70830	1.37930	0.15790	1.53720	4.27630
2008	0.39280	0.25420	0.64700	0.33270	0.03900	0.37170	1.04000	0.24542	1.28542	1.07100	0.13949	1.21049	3.51461
2009	0.38220	0.26480	0.64700	0.30990	0.03500	0.34490	1.04000	0.23532	1.27532	1.14430	0.12797	1.27227	3.53949
2010	0.42567	0.22133	0.64700	0.31370	0.03120	0.34490	1.04000	0.23532	1.27532	1.14680	1.11260	2.25940	4.52662
2011	0.43236	0.21464	0.64700	0.32460	0.03270	0.35730	1.04000	0.23532	1.27532	1.14980	0.10030	1.25010	3.52972
2012	0.43426	0.21274	0.64700	0.34130	0.02060	0.36190	1.04000	0.29432	1.33432	1.15050	0.09940	1.24990	3.59312
2013	0.45850	0.18850	0.64700	0.34940	0.02050	0.36990	1.04000	0.26780	1.30780	0.99180	0.06930	1.06110	3.38580
2014	0.44508	0.20092	0.64600	0.34940	0.02050	0.36990	1.04000	0.25000	1.29000	1.14440	0.09830	1.24270	3.54860
2015	\$0.44560	\$0.25223	\$0.69782	\$0.36520	\$0.01950	\$0.38470	\$1.04000	\$0.24000	\$1.28000	\$1.16660	\$0.14323	\$1.30983	\$3.67235

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(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.

**City of Gainesville, Texas
Principal Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2015		2006		2006		2006	
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Well Services Division	\$ 51,512,280	1	6.21%	\$			0.00%	
Zodiac (formerly Weber Aircraft)	35,181,927	2	4.24%		17,791,467	1	2.77%	
Wal-Mart	17,839,575	4	2.15%		17,318,262	2	2.70%	
BMCA	19,909,441	3	2.40%				0.00%	
Duraline FKA Polypipe Inc	13,078,768	5	1.58%				0.00%	
Oncor Electric	8,276,220	9	1.00%		8,733,040	3	1.36%	
Enterprise FM Trust	8,574,840	7	1.03%				0.00%	
Karl Klement Properties	7,450,416	10	0.90%				0.00%	
Glen Polk Ford\Mercury			0.00%				0.00%	
Home Depot USA Inc			0.00%		8,057,708	4	1.26%	
Forum USA Allied	7,335,240	8	0.88%				0.00%	
PPG Industries	8,981,770	6	1.08%		6,851,020	6	1.07%	
Gainesville Properties					6,800,600	7	1.06%	
Southwestern Bell Telephone					4,579,139	10	0.71%	
AEP Industries, Inc.					7,810,100	5	1.22%	
Mid West Lodging LLC					5,294,992	8	0.82%	
B29 Investments P & Etal					4,922,957	9	0.77%	
Total Assessed Valuation	\$ 829,721,807		20.39%	\$	641,891,209		13.73%	

Source: Cooke County Appraisal District

**City of Gainesville, Texas
Property Tax Levies and Collections (1)
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections (2)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (1)	Delinquent Taxes to Total Tax Levy
2006	\$ 4,256,555	\$ 4,284,371	100.7%	\$ 80,188	\$ 4,364,559	102.5%	\$ 256,032	6.0%
2007	4,268,873	4,348,545	101.9%	113,236	4,461,781	104.5%	169,873	4.0%
2008	4,872,931	4,779,714	98.1%	71,963	4,851,677	99.6%	237,736	4.9%
2009	5,206,244	5,102,026	98.0%	80,619	5,182,645	99.5%	281,826	5.4%
2010	5,575,182	5,462,636	98.0%	104,215	5,566,851	99.9%	291,174	5.2%
2011	5,501,321	5,324,885	96.8%	94,612	5,419,497	98.5%	238,549	4.3%
2012	5,438,721	5,383,582	99.0%	124,539	5,508,121	101.3%	233,459	4.3%
2013	6,146,923	5,796,740	94.3%	77,500	5,874,240	95.6%	160,433	2.6%
2014	6,446,676	6,101,697	94.6%	60,481	6,162,178	95.6%	160,852	2.5%
2015	\$ 6,288,962	\$ 6,354,979	101.0%	\$ 111,440	\$ 6,466,419	102.8%	\$ 100,576	1.6%

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

Fiscal Year to Date Recap Report

(2) Starting with FY 2008, the Total Tax Levy was adjusted through September 30 of each year based on updated data from the Cooke County Appraisal District.

City of Gainesville, Texas
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percent of Personal Income	Official Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Notes Payable	Prem/Disc Capital Leases	General Obligation Bonds	Certificates of Obligation Bonds	Notes Payable	Prem/Disc Capital Leases			
2006	\$ 6,637,059	\$ 5,922,431	\$ 371,597	\$ 58,205	\$ 7,364,940	\$ 4,332,308	\$ 0	\$ 93,529	\$ 24,780,069	8.95%	\$ 1,595
2007	8,828,370	2,915,495	277,109	292,731	9,215,038	1,234,503	0	349,161	23,112,407	7.94%	1,487
2008	8,397,156	3,528,036	171,093	153,237	14,365,160	2,101,360	0	252,821	28,968,863	9.81%	1,864
2009	7,884,844	3,153,956	58,065	19,334	13,609,974	1,833,388	0	133,758	26,693,319	9.04%	1,718
2010	7,426,912	4,753,901	0	13,231	12,716,873	4,361,674	395,000	61,086	29,728,677	9.07%	1,858
2011	11,786,754	7,320,852	0	6,793	6,846,997	1,301,401	300,000	13,586	27,576,383	8.41%	1,723
2012	12,369,324	8,608,621	0	62,841	6,153,523	1,006,199	205,000	204,086	28,609,594	8.73%	1,788
2013	9,520,375	8,031,096	0	31,918	8,886,567	6,473,904	105,000	265,692	33,314,552	10.16%	2,082
2014	13,975,198	4,718,750	0	460,143	9,469,550	6,701,750	0	551,887	35,877,278	10.95%	2,242
2015	\$ 12,765,493	\$ 4,499,250	\$ 0	\$ 342,757	\$ 7,189,508	\$ 16,815,750	\$ 0	\$ 1,076,394	\$ 42,689,152	13.02%	2,668

City of Gainesville, Texas
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Official Population (1)	Total Assessed Value (2)	Net General Obligation Debt (3)	Less Debt Service Fund (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2006	15,538	\$ 641,891,209	\$ 6,637,059	\$ 361	\$ 6,636,698	1.03%	\$ 427.13
2007	15,538	667,675,563	8,828,370	227,401	8,600,969	1.29%	553.54
2008	15,538	753,157,882	8,397,156	367,712	8,029,444	1.07%	516.76
2009	15,538	808,439,915	7,884,844	495,975	7,388,869	0.91%	475.54
2010	16,002	861,697,422	7,426,912	682,392	6,744,520	0.78%	421.48
2011	16,002	844,640,310	11,786,754	844,347	10,942,407	1.30%	683.81
2012	16,002	846,051,736	12,369,324	1,022,513	11,346,811	1.34%	709.09
2013	16,002	861,822,717	14,166,000	1,024,748	13,141,252	1.52%	821.23
2014	16,002	863,604,312	22,204,998	1,063,979	21,141,019	2.45%	1,321.15
2015	16,002	\$ 853,775,206	\$ 19,955,001	\$ 948,521	\$ 19,006,480	2.23%	\$ 1,187.76

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(1) From US Bureau of Census 2010 Census

(2) From Cooke County Appraisal District

(3) Excludes revenue bonds.

(4) Amount available for repayment of general obligation bonds.

City of Gainesville, Texas
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 September 30, 2015

Jurisdiction	Total GO Debt Outstanding	Estimated Percent Applicable	Direct and Overlapping Funded Debt As of 9/30/15
City of Gainesville	\$41,270,000	100.00%	\$41,270,000
<i>Overlapping Debt:</i>			
Cooke County	6,115,000	28.89%	1,766,624
Gainesville ISD	32,540,979	74.14%	24,125,882
Lindsey ISD	360,000	58.74%	211,464
Gainesville Hospital District	20,560,000	32.22%	6,624,432
North Central Texas Community College	13,925,000	28.94%	<u>4,029,895</u>
Subtotal Overlapping Debt	<u>73,500,979</u>		<u>78,028,296</u>
Total Direct and Overlapping Debt	<u><u>\$73,500,979</u></u>		<u><u>\$78,028,296</u></u>

Ratio of direct and overlapping bonded debt to taxable assessed valuation 8.18%

Per capita direct and overlapping bonded debt \$4,876.16

Source: First Southwest Company

**City of Gainesville, Texas
Legal Debt Margin Information
Last Ten Years
(amounts expressed in thousands)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$73,021	\$76,605	\$75,316	\$80,844	\$86,170	\$84,464	\$84,605	\$86,182	\$85,508	\$88,411
Total Net Debt Applicable to Limit	14,002	17,816	22,394	20,999	19,462	17,790	17,500	13,142	21,141	19,006
Legal Debt Margin	\$59,019	\$58,789	\$52,922	\$59,845	\$66,708	\$66,674	\$67,105	\$73,040	\$64,367	\$69,405
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.18%	23.26%	29.73%	25.97%	22.59%	21.06%	20.68%	15.25%	24.72%	21.50%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$784,126
Add back: exempt real property	99,988
Total assessed value	<u>884,114.00</u>
Debt limit (\$1.50 to total assessed value)	88,411
Debt applicable to limit:	
General Obligation bonds	19,955
Less: Amount set aside for repayment of GO debt	949
Revenue Bonds	19,006
Total net debt applicable to limit	
Legal Debt Margin	\$69,405

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.

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

Fiscal Year	Official Population (1)	Personal Income (4)	Per Capita Personal Income	Median Age (4)	School Enrollment (3)	Education Percent High School & Up (4)	Unemployment Rate (2)
2006	15,538	276,762,856	17,812	34	3,025	---	4.00%
2007	15,538	291,057,816	18,732	34	2,951	---	3.90%
2008	15,538	295,190,924	18,998	34	2,851	57.32%	3.80%
2009	15,538	295,190,924	18,998	34	2,648	57.32%	6.80%
2010	16,002	327,752,964	20,482	34	2,771	77.90%	6.20%
2011	16,002	321,632,537	20,100	36	2,764	72.20%	5.10%
2012	16,002	297,365,166	18,583	33	2,787	72.85%	4.00%
2013	16,002	\$ 316,599,570	\$ 19,785	33	2,809	74.82%	4.00%
2014	16,002	\$ 384,272,028	\$ 24,014	34	2,854	82.29%	2.60%
2015	16,002	\$ 330,009,246	\$ 20,623	33	2,825	81.90%	3.90%

- (1) US Census Bureau 2010 Census
- (2) Bureau of Labor Statistics
- (3) Gainesville Independent School District
- (4) CLRSearch.com/GEDC

Note: Some historical information has not been tracked indicated by "---".

City of Gainesville, Texas
 Ten Largest Employers
 Fiscal Year 2015 and 2006

Employer	2015			2006		
	Number of Employees FTE	Rank	Percent of Total County Employment	Number of Employees FTE	Rank	Percent of Total County Employment
WinStar Casino	4000	1	48.67%	-	-	-
Zodiac (formerly Weber Aircraft)	1800	2	21.90%	975	1	25.61%
WalMart	427	3	5.20%	455	4	11.95%
Gainesville State School	372	4	4.53%	320	6	8.41%
Gainesville ISD	380	5	4.62%	-	-	-
North Central Texas College	0	6	0.00%	588	2	15.45%
Select Energy Services	150	7	1.83%	-	-	-
North Texas Medical Center	372	8	4.53%	320	5	8.41%
Cooke County	265	9	3.22%	200	8	5.25%
Complete Energy	257	10	3.13%	-	-	-
Gainesville Factory Shops	-	-	-	400	3	10.51%
Gainesville Memorial Hospital	-	-	-	-	-	0.00%
City of Gainesville	-	-	-	275	7	7.22%
Molded Fiberglass	-	-	-	179	9	4.70%
Duraline FKA Polypipe Inc.	195	-	2.37%	95	10	2.50%
Totals	8,218		100.00%	3,807		100.00%
Total in Gainesville	22735		36.15%	18466		20.62%

Source: Gainesville Economic Development Corporation

City of Gainesville, Texas
Full-time Equivalent Employees by Function
Last Ten Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	13	13	14	12	12	12	13	13	13	13
Economic Development	1	2	4	4	4	5	5	5	5	5
Community Services	5	5	6	5	5	3	5	5	5	5
Finance	5	5	5	4	4	4	4	4	4	4
Police	55	55	55	53	53	53	55	55	55	55
Fire	41	41	42	42	42	42	42	42	42	42
Public Works	36	37	---	---	---	---	---	---	---	---
Streets	---	---	11	7	8	7	7	7	7	7
Garage	---	---	5	4	4	4	4	4	4	4
Parks	---	---	14	13	13	13	18	18	18	18
Cemetery	---	---	5	5	5	5	5	5	5	5
Golf Course	9	9	9	8	8	7	7	7	8	8
Frank Buck Zoo	14	14	14	14	14	14	15	15	15	15
Water	24	24	28	21	21	20	21	21	21	21
Wastewater	18	18	18	18	18	17	17	17	17	17
Airport	3	3	4	3	3	3	3	3	3	3
Stormwater Utility	4	4	4	2	2	2	2	2	2	2
Solid Waste - Collection	13	13	12	12	12	12	13	13	13	13
Solid Waste - Disposal	5	5	5	3	3	2	2	2	2	2
Total	246	248	255	230	231	225	238	238	239	239

Source: City of Gainesville Human Resources department.

Note: Public Works broken down into divisions (Streets, Garage, Parks, Cemetery) in FY 2008

City of Gainesville, Texas
Operating Indicators by Function
Last Ten Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Calls for Service	34,239	31,440	30,829	38,941	44,559	44,203	49,378	45,846	49,651	33,536
Arrests	1,689	1,459	1,060	988	916	1,060	811	1,015	979	1,226
Municipal Court										
Cases Filed	6,078	5,480	6,157	6,438	5,264	6,328	5,061	3,472	4,091	5,000
Cases Disposed	6,056	6,095	5,867	6,433	6,434	5,854	5,035	3,506	4,580	5,000
Class C Warrants Filed	1,449	2,191	1,674	1,719	1,656	2,007	1,466	1,413	1,789	1,000
Juvenile Cases Filed	376	322	449	321	224	225	316	320	175	175
Fire										
Number of calls	890	791	761	667	711	958	793	780	874	954
Number of fires	208	108	137	136	120	195	154	175	174	240
Rescue/EMS incidents	112	146	140	165	173	224	185	175	200	210
Streets										
Potholes Patched	2,644	3,259	4,465	4,146	5,498	6,167	6,509	7,941	5,751	7,529
Storm drains cleaned	539	1,192	967	564	153	126	135	318	122	137
Miles of streets swept	1,240	1,068	1,052	711	527	613	447	860	1,098	864
Golf Course										
Rounds of golf	14,051	10,654	16,619	15,337	11,340	10,739	5,001	7,583	7,853	9,100
Community Development										
Building Permits	1,226	808	994	775	916	1,069	1,156	1,156	1,156	900
Value of Building Projects (in thousands)	20,949	8,429	14,625	1,350	3,008	6,170	15,604	15,604	15,604	15,604
Number of Inspections	1,859	2,897	1,742	1,265	1,074	1,590	1,950	1,950	1,950	1,600
Finance										
Number of invoices paid	6,935	6,734	6,760	6,295	6,467	6,723	6,833	8,019	7,284	6,985
Received CAFR award	Yes									
Received Budget Presentation award	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes
Number of Payroll checks prepared	6,584	6,134	6,215	6,023	6,080	6,154	5,839	5,880	6,214	6,063
Water System										
Number of water customers	6,097	6,015	6,022	6,089	6,079	6,065	6,121	6,166	6,182	6,200
New Connects	1,336	1,247	1,472	1,398	1,420	1,342	1,345	1,412	1,419	1,525
Daily average water consumption (mil gls)	2.6	1.9	2.4	2.2	2.4	2.0	2.4	2.4	2.4	1.2
Maximum daily pumping capacity (mil gls)	6.8	6.9	6.5	4.9	6.8	6.8	6.8	6.8	6.8	6.8
Maximum storage capacity (mil gls)	4.9	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Wastewater System										
Number of wastewater customers	5,929	5,724	5,738	5,775	5,918	5,879	5,773	5,822	6,013	5,964
Daily average treatment(mil gls)	1.6	1.5	1.3	1.4	1.5	1.4	1.4	1.4	1.6	2.3
Maximum daily treatment capacity(mil gls)	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Airport										
Gallons of aviation fuel pumped	255,544	292,994	287,528	250,472	230,375	248,265	236,813	216,735	260,944	265,306

Source: Various City departments.

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

City of Gainesville, Texas
Capital Asset Statistics by Function
Last Ten Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	9	15	15	15	15	16	12	12	12	12
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Hydrants	850	850	850	850	850	968	825	825	825	825
Fire Vehicles	13	13	13	13	13	13	13	13	13	13
Streets										
Miles of streets	120	120	120	132	129.71	129.71	129.71	129.71	129.71	129.71
Miles of streets maintained by City	90	92	92	86	96	96	96	96	96	96
Street Lights	1506	1506	1565	1565	1581	1581	1581	1581	1581	1581
Parks & Recreation										
Number of Community/Civic Centers	2	2	2	2	2	2	2	2	2	2
Number of park areas	24	24	24	24	24	24	24	24	24	24
Park acreage	202	202	202	202	212	212	212	212	212	212
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
Number of zoos	1	1	1	1	1	1	1	1	1	1
Water System										
Miles of water mains	124	124	130	137.5	137.5	137.5	137.5	137.5	137.5	137.5
Number of Water Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater System										
Miles of wastewater mains	132	132	132	132	132	132	134	134	134	134
Miles of storm drainage mains	6	8	9	10	10	10	10	10	10	10
Number of Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection Trucks	14	14	14	13	9	12	12	12	12	12
Long Haul Trucks	5	5	5	5	4	4	4	4	4	4
Heavy Equipment Units	7	7	7	4	6	5	5	5	5	5
Vehicles	---	---	2	2	4	4	4	4	4	4
Carts (1)	0	0	0	400	5743	5891	5891	5857	5857	5857
Airport										
Airport acreage	1336	1336	1312	1308	1308	1317	1317	1317	1317	1317
Number of runways	2	2	2	2	2	2	2	2	2	2
Number of hangars	4	4	4	6	6	6	6	6	6	6

Source: Various City Departments

(1) The increase in the number of carts for 2010 reflects the new automated collection program.

Note: Some records were not accurately maintained in previous years, as indicated by "----".