



**City of Gainesville, Texas**  
**Comprehensive Annual**  
**Financial Report**

**Fiscal Year Ending September 30, 2017**



# City of Gainesville

## Comprehensive Annual Report **FOR FISCAL YEAR ENDED SEPTEMBER 2017**

Prepared by:

Finance Department

Interim Finance Director and  
Controller – Karen F Dixon, CPA

Cathy Huddleston

Candace Storey



The City of Gainesville and several of our support organizations, such as the Gainesville Economic Development Corporation (GEDC) and the Chamber of Commerce, were presenting several different identities for the community to the public. We were known as the “Star of North Texas”, “Front Porch of Texas”, “Most Patriotic Small Town”, “Medal of Honor Host City”, “It’s What We Do”, and “All Roads Lead to Gainesville”.

The City and the GEDC hired North Star Destination Strategies to help develop one brand to promote the City. After much research, a single-sentence, strategic branding platform was created. The branding platform is as follows: “For those interested in a charming town, close but not too close, in the DFW area, Gainesville, located on I-35 where Texas greets Oklahoma is the only Medal of Honor city nationwide, which is emblematic of the community’s hard work, respect and commitment to the patriotic fabric of our American character, so we inspire the heroes among us.”

The branding platform was used to create Gainesville’s new logo and is the center point for all future public relations campaigns. The City is just starting to rebrand itself and a massive branding campaign will start in February 2018.

The tag line “Totally Texas. All American.” focuses on Texas and America to establish our proud position in one of the country’s most defining states as well as strong patriotism. By having Texas in the strapline, it helps place Gainesville in Texas without having to add that element to the logo or explain it in copy. All American is shorthand for our patriotism and it sounds like an accolade like All American in sports or an All American city. It is very flexible, so it can be used by all organizations (City, GEDC, Chamber, and ISD).



Government Finance Officers Association

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

Presented to

**City of Gainesville  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

City of Gainesville, Texas  
Comprehensive Annual Financial Report  
September 30, 2017

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## Introductory Section



March 21, 2018

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, 2017, 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 unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2017, 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 stormwater control maintenance. In addition, the City provides planning for future land use, traffic control, building inspection and code compliance, operates one eighteen-hole golf course, the Frank Buck Zoo, Leonard Park Aquatic Center and a general aviation airport. Electric, gas, telephone and cable television services are provided by private utilities including but not limited to Cooke County Electric, Oncor, Atmos Energy, Suddenlink Cable, Nortex and multiple telephone companies.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, Debt Service, Municipal Golf Course, Water and Sewer, Solid Waste, Airport, Stormwater, Assigned 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 (3.60% vs. 4.00% and 4.10% respectively). The new business development and diversity of economy are the main reasons for this lower unemployment rate. The uptick in oil and gas prices along with additional business development will help to keep the unemployment rate low. 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 2016-2017:

- Major development has begun at along I-35 between HWY 82 and California Street with First State Bank starting construction on a new Bank Headquarters and Operations center (\$18,000,000), Whataburger (\$1,615,000) and Panda Express (\$650,000) both built facilities next to the First State Bank just north of HWY 82. QT built a new travel center (\$3,658,000) just south of HWY 82. A little farther south of the QT, a Fairfield Inn (\$3,037,000) and a Red River Stop Travel Center (\$1,200,000) is under construction. At the intersection of I-35 and California Street a Rib Crib (\$1,262,000), Dairy Queen (\$788,000) and a strip center (\$855,000) with a Schlotzsky's (\$233,000) opened this year. A Villa Grande (\$456,000) has started its finish out in the strip center.
- Texas Trailer completed its remodeling and expansion (\$625,000) project.
- Red River Motor Sports recently began an expansion (\$450,000) at their facility.
- The City refunded \$4.36 million of General Obligation Debt in 2017.
- The City's total debt outstanding decreased \$3,267,704 in 2017.
- Approximately \$2.76 million was spent on Street Utility Maintenance Program (SUMP) in 2017.
- The City continues construction on an upgraded wastewater treatment plant with a total completion cost of \$16.65 million.
- Gainesville's net capital assets increased by \$8,701,271 or 15.35% through the investment of bonds funds and cash into new infrastructure.

### **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 2016 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	2017	2016	2015	2014	2013
General	0.43290	0.445595	0.443426	0.455078	0.458500
Debt Service	0.27213	0.252227	0.244396	0.200922	0.188550
Total	0.70503	0.697822	0.687822	0.646000	0.647000

For fiscal year 2017, the Total Assessed Taxable Value increased by \$36,683,651 or 3.71%.

### 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 \$16.9 million (FY 2018 - \$4.43 million, FY 2022 - \$7.63 million and FY 2030 - \$4.84 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 2018-2022 were approved by the City Council and are included in the fiscal year 2018 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 \$48.76 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$7.32 million or 15.01% and non-recurring at \$41.44 million or 84.99%.

### **Financial Policies**

The City is required by ordinance to maintain a ninety (90) day reserve. At the close of fiscal year 2017 the City had a 160-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, 2016. This was the twenty-sixth (26th) 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 the past eight years. In order to qualify for the award, the City's budget document was judged to be proficient in all categories including as a policy document, a financial plan, an operations guide and a communications device. The 2018 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.

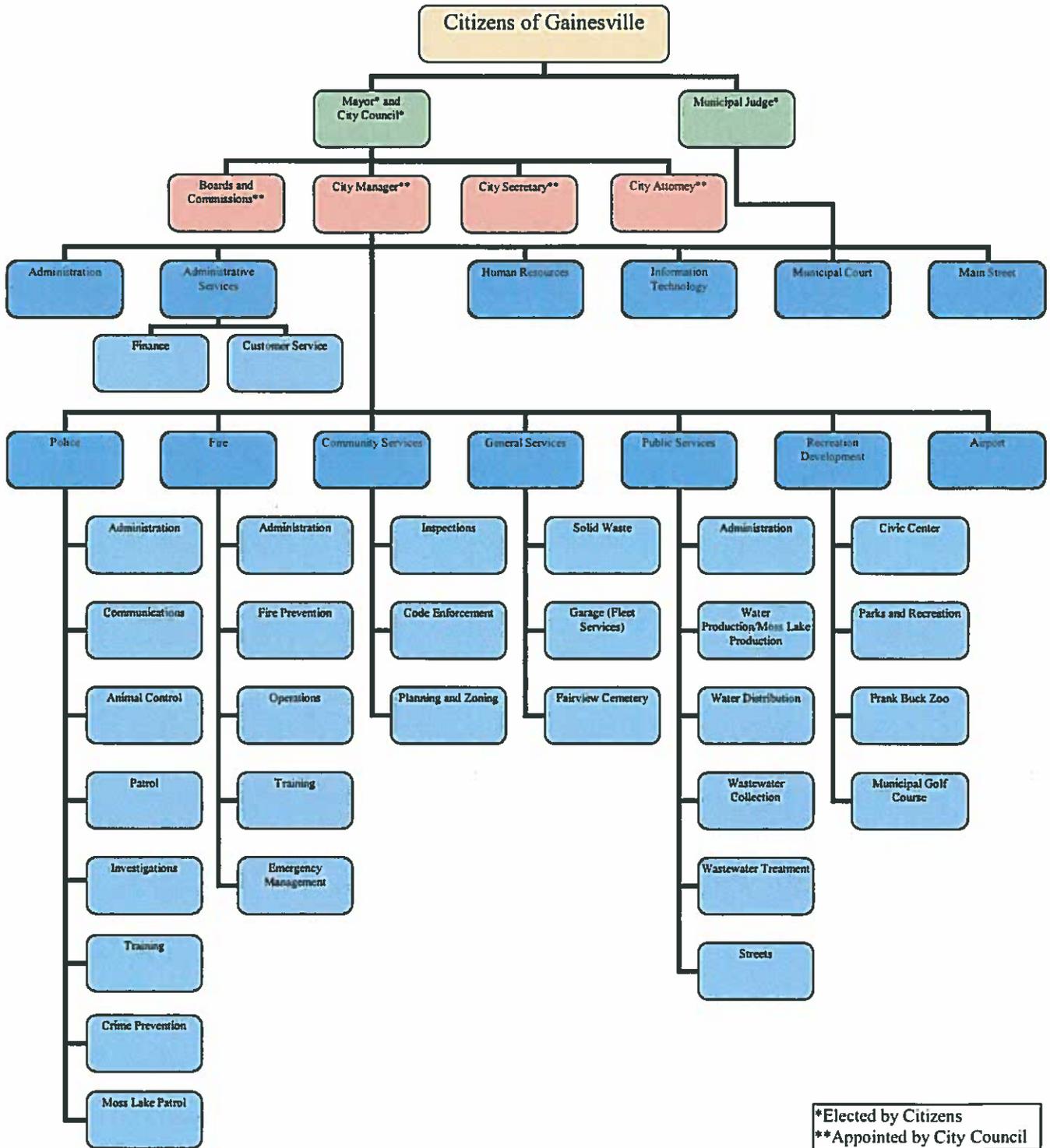
We also provide a special thank you to the Gainesville City Council for their leadership and support of sound fiscal management principals.

Sincerely,

Barry Sullivan  
City Manager

Karen F. Dixon, CPA  
Controller

# City of Gainesville, Texas Organizational Chart



# CITY OF GAINESVILLE

## LIST OF PRINCIPAL OFFICIALS

<b>Title</b>	<b>Name</b>
Mayor*	Jim Goldsworthy
Council Member & Mayor Pro Tem*	Keith Clegg
Council Member*	Tommy Moore
Council Member*	Carolyn Hendricks
Council Member*	Ken Keeler
Council Member*	Mary Jo Dollar
Council Member*	Steve Gordon
City Manager**	Barry 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 Services	Leah Gore
Airport Manager	Dave Vinton

\* Denotes Elected Official

\*\* Denotes Appointed by City Council



Financial Section



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**INDEPENDENT AUDITOR'S REPORT**

City Council  
City of Gainesville  
200 South Rusk  
Gainesville, Texas 76240

**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 unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of and for the year ended September 30, 2017, 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 unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of September 30, 2017, 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**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the General Fund, and the 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.

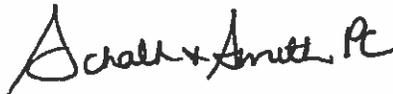
### ***Other Information***

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 statements and budgetary comparison schedules for major and nonmajor funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and budgetary comparison schedules for major and nonmajor funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, 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.



Schalk & Smith, P.C.  
March 14, 2018

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

As Management of the City of Gainesville (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. Please read in conjunction with the enclosed letter of transmittal and basic financial statements.

**Financial Highlights**

- The assets and deferred outflows of resources of the City of Gainesville exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$54,251,983 (net position) (pg. 7 and 23). Of this amount, \$17,421,668 or 32.1% is unrestricted net position and which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$4,495,235 or 9% (pg. 8) from last fiscal year's net position. The governmental net position increased \$2,465,884 or 9.5% and the business type activities increased \$2,029,351 or 8.6%.
- 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 2017 was \$8,899,989 (pg. 26) and of that amount \$9,258,599 is cash. This represents 160 days of operation. The City exceeded its planned and budgeted General Fund surplus of \$50,000 by \$1,446,152.
- The City's total debt outstanding decreased by \$3,267,704 or 7.3% (pg. 18) during the current fiscal year.

**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 accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

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 23 through 25 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, parks, 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.

*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

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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, two of which are permanent. 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, 2014 GO Bonds Fund and the 2016 GO Bonds Fund, which are considered 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. The City's governmental funds begin on page 26 of 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 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.

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 services, stormwater drainage, and the municipal airport all of which are considered 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. The proprietary funds begin on page 32 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements also present certain required supplementary information

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concerning the City's progress in funding its obligation to provide pension benefits to its employees. The notes begin on page 40 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *supplementary information* concerning budgetary compliance of the City's progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information begins on page 82 of this report.

A budgetary comparison 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, 2017, were \$104,325,833, deferred outflows of resources were \$3,096,815, total liabilities were \$53,129,962 and deferred inflows of resources were \$40,703, resulting in a net position balance of \$54,251,983 (pg. 7 and 23). This is a 9.0% increase from the prior fiscal year.

The City's total net position equals \$54,251,983. A portion of the net position, \$8,844,766 or 16.3% represents resources that are subject to restrictions on how they may be used (pg. 7 and 23). The restricted net position has decreased over the prior year by \$3,362,051 or 27.5%. This decrease is recognition of construction in progress that is complete. Capital assets (land, buildings, machinery and equipment) net of related debt total \$27,985,549 or 51.6% of total net position, this represents an increase of \$5,735,616 or 25.8% compared to the prior year. The second largest portion of the City's net position, \$17,421,668 or 32.1% of net position reflects unrestricted net position, which may serve the ongoing desires of its citizens.

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The following table reflects the condensed Statement of Net Position as of September 30, 2017 (pg.23):

**Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$26,898,786	\$27,956,798	\$8,676,743	\$8,431,160	\$35,575,529	\$36,387,958
Restricted Cash	-	-	3,379,273	9,556,699	3,379,273	9,556,699
Capital assets	25,955,652	23,178,346	39,415,379	33,491,414	65,371,031	56,669,760
<b>Total Assets</b>	<b>52,854,438</b>	<b>51,135,144</b>	<b>51,471,395</b>	<b>51,479,273</b>	<b>104,325,833</b>	<b>102,614,417</b>
Deferred Outflow of Resources	2,448,419	2,631,180	648,396	730,260	3,096,815	3,361,440
Long-term liabilities outstanding	22,907,737	24,373,054	23,664,461	25,571,392	46,572,198	49,944,446
Other liabilities	3,860,657	3,129,128	2,697,107	2,861,820	6,557,764	5,990,948
<b>Total liabilities</b>	<b>26,768,394</b>	<b>27,502,182</b>	<b>26,361,568</b>	<b>28,433,212</b>	<b>53,129,962</b>	<b>55,935,394</b>
Deferred Inflows of Resources:	33,061	228,624	7,642	55,091	40,703	283,715
Net Investment in Capital Assets	8,390,227	4,216,159	19,595,322	18,033,774	27,985,549	22,249,933
Restricted	8,844,766	12,206,817	-	-	8,844,766	12,206,817
Unrestricted	11,266,409	9,612,542	6,155,259	5,687,456	17,421,668	15,299,998
<b>Total net position</b>	<b>\$28,501,402</b>	<b>\$26,035,518</b>	<b>\$25,750,851</b>	<b>\$23,721,230</b>	<b>\$54,251,983</b>	<b>\$49,756,748</b>

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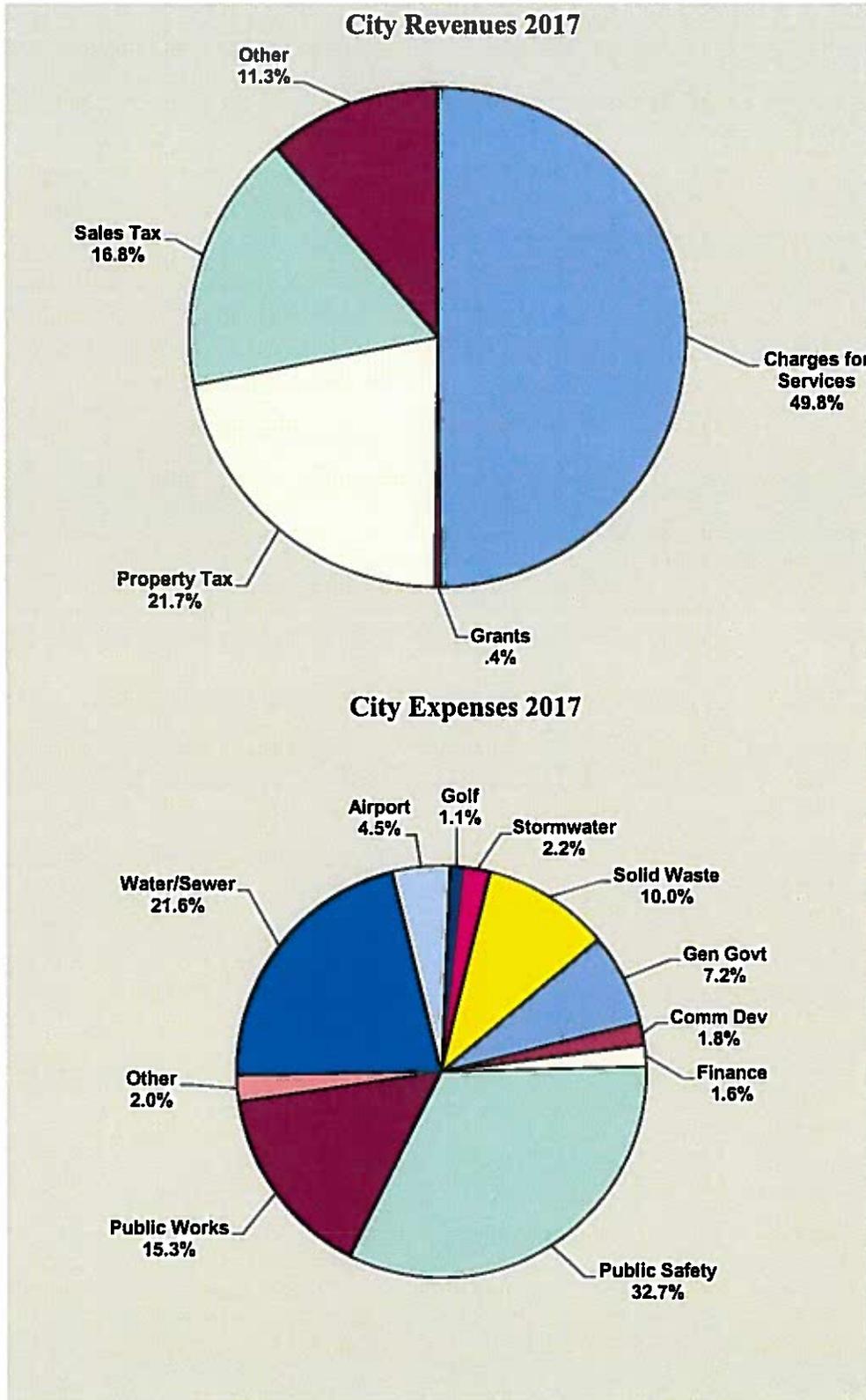
The following table provides a summary of the city's operations for the year ended September 30, 2017. Overall, the city had an increase in net position of \$4,495,235.

**Changes in Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program revenues:</b>						
Fines, fees, & charges for services	\$2,044,110	\$1,938,962	\$14,005,598	\$14,319,225	\$16,049,708	\$16,258,187
Operating grants & contributions	91,970	325,203	34,722	117,941	126,692	443,144
<b>General revenues:</b>						
Property taxes	7,003,766	6,742,089	-	-	7,003,766	6,742,089
Sales taxes	5,403,311	5,404,024	-	-	5,403,311	5,404,024
Other taxes & fees	1,861,467	1,940,453	-	-	1,861,467	1,940,453
Other misc.	602,437	1,046,685	1,169,650	102,632	1,772,087	1,149,317
<b>Total revenues</b>	<b>17,007,061</b>	<b>17,397,416</b>	<b>15,209,970</b>	<b>14,539,798</b>	<b>32,217,031</b>	<b>31,937,214</b>
<b>Expenses:</b>						
General Government	2,007,940	2,057,544	-	-	2,007,940	2,057,544
Community Development	501,330	460,691	-	-	501,330	460,691
Finance	457,878	453,957	-	-	457,878	453,957
Public safety	9,075,713	9,014,024	-	-	9,075,713	9,014,024
Public works	4,256,146	4,216,838	-	-	4,256,146	4,216,838
Interest on long term debt	564,734	672,462	-	-	564,734	672,462
Bond issuance cost	-	-	-	-	-	-
Water & Sewer	-	-	5,940,976	5,928,017	5,940,976	5,928,017
Municipal Airport	-	-	1,250,031	1,187,416	1,250,031	1,187,416
Golf Course	-	-	298,029	351,975	298,029	351,975
Stormwater	-	-	595,174	401,177	595,174	401,177
Solid Waste	-	-	2,773,845	2,684,735	2,773,845	2,684,735
<b>Total Expenses</b>	<b>16,863,741</b>	<b>16,875,516</b>	<b>10,858,055</b>	<b>10,553,320</b>	<b>27,721,796</b>	<b>27,428,836</b>
Increase(decrease)in net position before transfers	143,320	521,900	4,351,915	3,986,478	4,495,235	4,508,378
Transfers in(out)	2,322,564	2,511,059	(2,322,564)	(2,511,059)	-	-
<b>Increase(decrease) in Net Position</b>	<b>2,465,884</b>	<b>3,032,959</b>	<b>2,029,351</b>	<b>1,475,419</b>	<b>4,495,235</b>	<b>4,508,378</b>
Net Position 10/01	26,035,518	24,306,858	23,721,230	21,879,210	49,756,748	46,186,068
Prior Period Adjustment	-	(1,304,299)	-	366,601	-	(937,698)
Restated 10/01	26,035,518	23,002,559	23,721,230	22,245,811	49,756,748	45,248,370
<b>Net Position 09/30</b>	<b>\$28,501,402</b>	<b>\$26,035,518</b>	<b>\$25,750,581</b>	<b>\$23,721,230</b>	<b>\$54,251,983</b>	<b>\$49,756,748</b>

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The following graphs provide a summary of the operations for the year ended September 30, 2017.

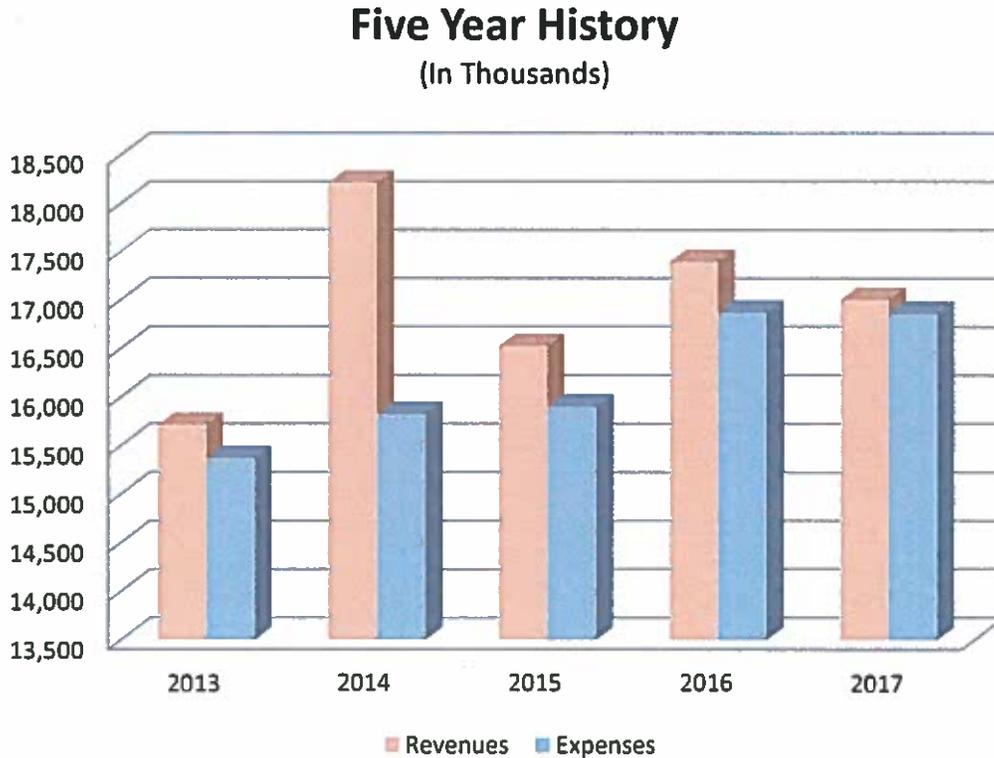


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**Governmental Activities** The statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of 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).

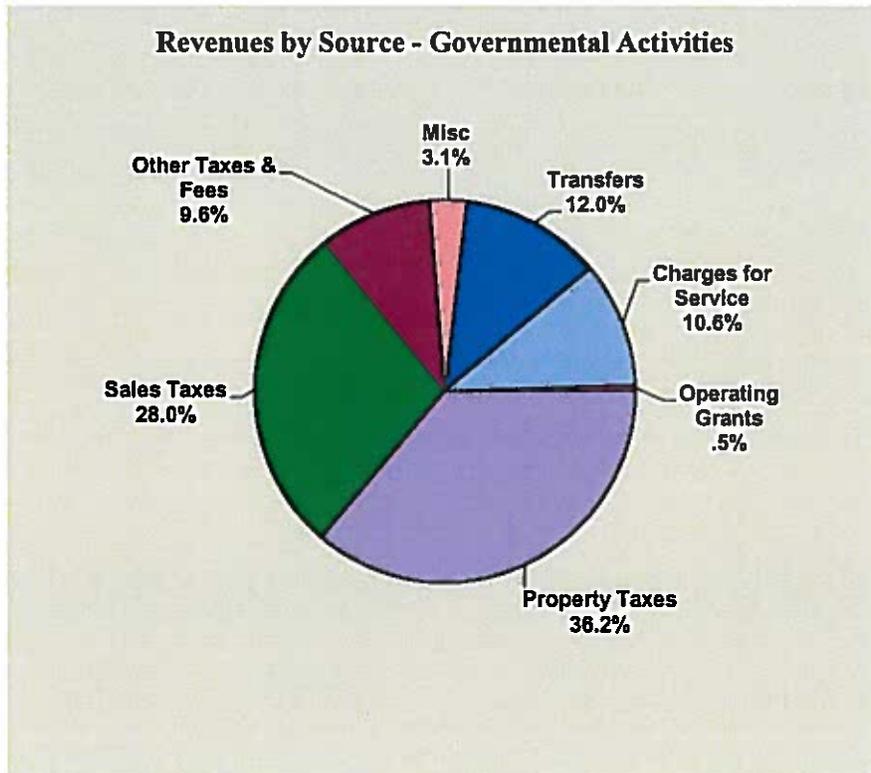
Revenues have increased over the prior year while expenses remained relatively flat. A study of the increased revenues reveals fines, fees and services increased \$105,148 or 5.4% over the prior year due to an explosion of new building in Gainesville, swimming pool fees were up 12.8% due to increased use of the pool and the train in the park at the Frank Buck Zoo saw an increase in revenues of 18.5%. The Zoo remains an exciting part of the City's recreation area. Zoo admissions were up 9.3%. Property taxes increased \$261,677 or 3.9% due to increased real property valuations and an increase in the tax rate. Donation revenues were higher than the prior year due to a donation of the old Boys and Girls Club at 315 Hird Street and the sale of fixed assets brought in more than the prior year during the annual auction.

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

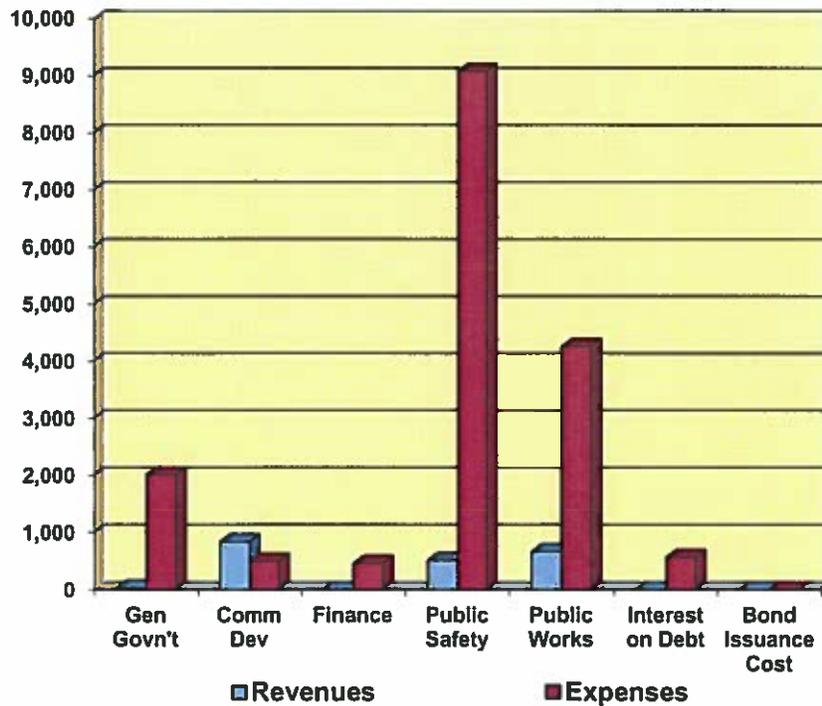


**City of Gainesville, Texas**  
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The following graphs depict current year revenues and expenditures by source.



(In thousands)



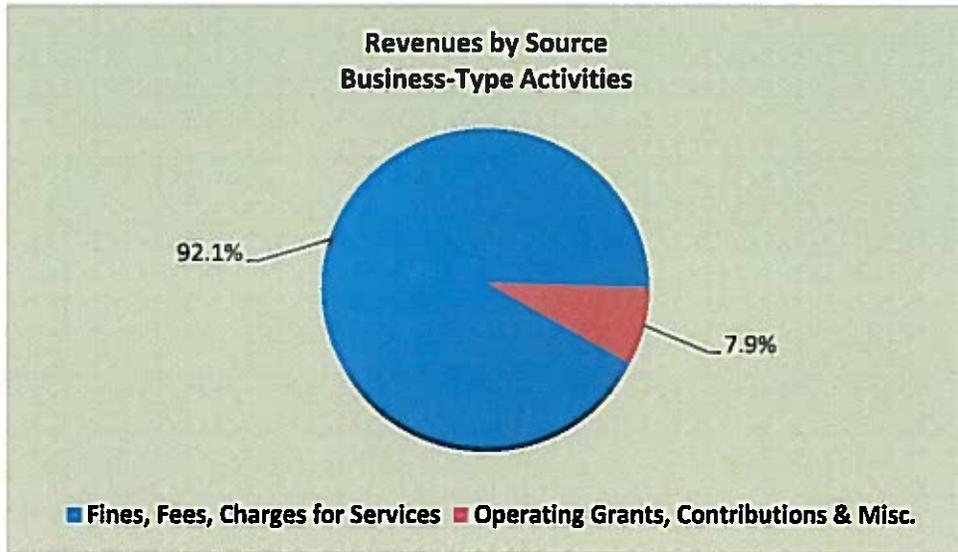
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**Business-Type Activities** Total business-type activities increased net position by \$2,029,351 or 8.6%. Key elements to the change in net position are as follows:

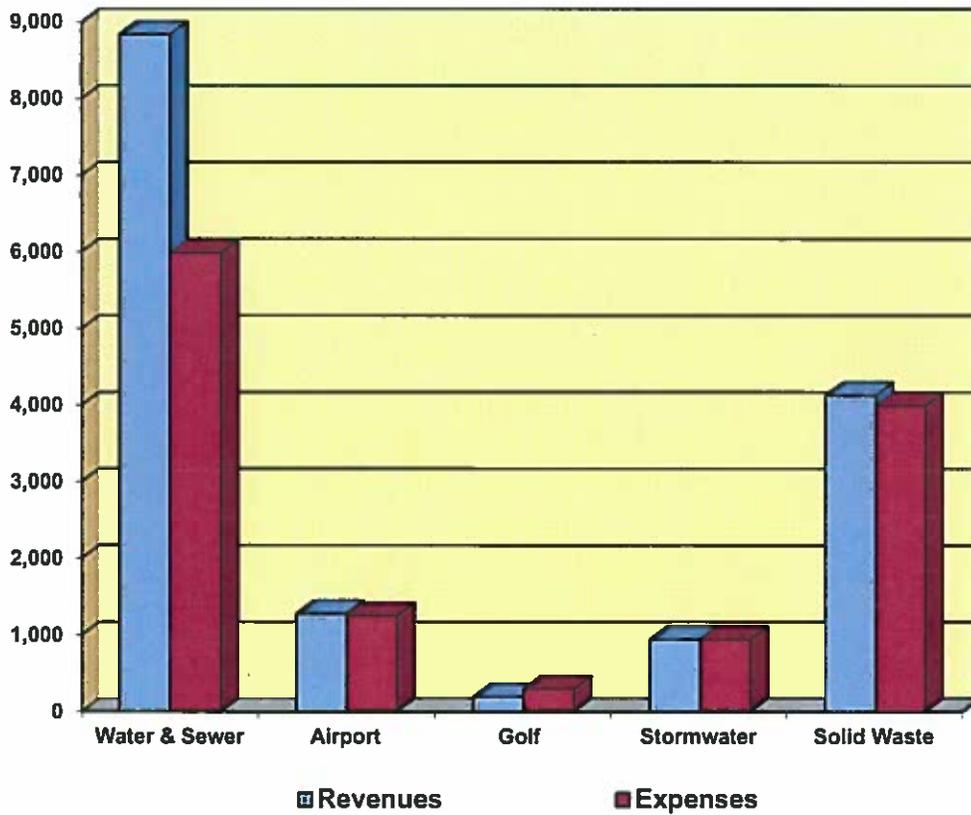
- Revenues increased \$670,172 or 4.6%, of this amount other income increased by \$1,067,018 primarily due to donated equipment of \$837,800 (pg. 8).
- Water Fund revenues increased by \$542,084 or 6.5% from FY 2017 due to \$837,800 completed projects, such as Head Tanks and Chemical Feed System at the Moss Lake water treatment plant and a lift station at the outlet mall.
- The revenues of the Airport Fund increased \$251,380 or 24.4% due to the sale of 20 acres to Gainesville Economic Development Corporation.
- Revenues in the Golf Fund increased by \$14,287 or 7.9%, due to new high school and corporate golf tournaments.
- Revenues in the Solid Waste Fund decreased by \$88,695 or 2.2% compared to last year. Decreased revenue due to loss on sale of capital assets.
- Revenues in the Stormwater Fund decreased \$48,884 or 4.9 % due to a reduction in Commercial Stormwater revenue.
- Total overall expenses in the proprietary funds increased by \$304,735 or 2.9% in FY 2017.
- The following funds showed decreases in expenses as compared to the prior year: Golf Course Fund (\$53,946 or 15.3%) (pg. 8) due to reduced personnel and supply expenses.
- The remaining enterprise funds expenses increased over the prior year actual expenses. Water and Sewer increased \$12,959 or 0.2% due to increased operating costs like supplies, maintenance and repair, lease payments and depreciation. The Airport increased by \$62,615 or 5.3% due to increases in personnel, supplies and maintenance. Stormwater Fund expenses increased by \$193,997 or 48.4%, due depreciation. The Solid Waste Fund expenses increased by \$89,110 or 3.3% primarily due to maintenance costs and landfill tipping fees.

The net increase to the Solid Waste fund was \$232,497 or 10.9%. The net increase to the Stormwater fund was \$3,682 or 0.03%. The net increase to the Water & Sewer fund was \$1,682,604 or 28.1%. The net increase to the Municipal Airport fund was \$93,777 or 3.2%. The net increase to the Golf Fund was \$16,791 or 19.4%.

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



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**For the Year Ended September 30, 2017**

**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 \$24,538,371 a decrease from the prior year of \$1,859,771 or 7.0% (pg. 27 and 30). Fund balances are classified as follows:

- Non-spendable. Funds that cannot be spent because either 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 \$8,892,045 or 36.2% (pg. 26 and 27) 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 \$1,519,894 or 6.2%, Restricted \$7,332,816 or 29.9%, and Assigned \$6,793,616 or 27.7% (pg. 26-27).

The General Fund is the chief operating fund of the City. At the end of FY 2017, the fund balance in the General Fund was \$8,899,989 (pg. 26), of which \$9,258,599 is cash. There was an increase in General Fund balance of \$1,496,152 or 20.2%.

Key factors in the increase in the General Fund balance are:

- Capital Expenditures of \$397,759 were 260.7% higher than the prior year.
- Community Development expenditures were \$40,639 or 8.8% higher than the prior year. This was more than offset by increased revenue of \$136,431 or 51.0%.
- Finance and Public Safety expenses were higher by 2.6% and 1.6%, respectively.

Key factors in increases in other governmental fund balances are:

- The Debt Service Fund has a restricted fund balance of \$1,371,883 (pg. 26 and 29). This fund balance increased during the year by \$127,785 or 10.3%. The key factors in the increase are property tax of \$80,267 or 3.3% over the prior year, an increase in investment income of \$6,501 or 168.9%, and a decrease in funds transferred out of

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\$29,733 or 7.3%. The Debt Service fund is utilized for retirement of debt financed through taxes.

- The Hotel/Motel Fund accounts for occupancy tax revenues and expenditures and shows an ending restricted fund balance of \$691,782 (pg. 92 and 100). This reflects a \$78,072 or 12.7% fund balance increase from the prior year and increase from budget (pg. 100). Revenues exceeded budget by \$39,813 or 6.4%, while expenditures were lower than budget by \$7,188 or 3.6% (pg. 100).
- The Cable Peg Fee Fund has a restricted fund balance of \$118,155 (page 93 and 105). This reflects a \$25,176 or 27.1% increase from the prior year. Revenues exceeded budget by \$5,930 or 26.7% while expenses were under budget by \$12,046 or 80.3% (pg.105).
- The 2016 GO Bonds Fund for reconstructing streets has a restricted fund balance of \$5,065,270, which reflects a 0.7% increase from interest income (page 27).

Key factors in decreases in other governmental fund balances are:

- The Assigned Projects Fund has a restricted fund balance of \$2,519,604 (pg. 90 and 97). This fund balance decreased during the year by \$335,359 or 11.7%. The decrease in fund balance is expected due to completing budgeted projects. All capital asset from projects are recognized in the General Fund.
- The 2014 Bond Fund has a restricted fund balance of \$1,191,386 and decreased by \$2,504,712 or 67.8% from the prior year. Broadway and Davis Street, east of Lindsay, were reconstructed, including water, sewer, drainage and roadway. Lindsay Street is close to completion and Church Street is still in progress (page 26).

**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 35). Unrestricted net position of the Water and Sewer Fund is \$3,340,343; the Solid Waste Fund \$1,418,369; Stormwater Utility Fund \$1,164,034; Municipal Airport Fund \$303,325; and the Golf Course Fund with an unrestricted net position of negative \$70,812.

Gainesville's Water and Sewer Fund had a cash balance of \$3,771,124. Solid Waste Fund cash balance was \$1,970,215. Stormwater Utility Fund cash was \$1,092,767. Airport Fund cash was \$347,940 and Golf Fund cash was \$4,116.

Business-type activities increased the City's net position by \$2,029,351 or 8.6% (pg. 8 and 25). Funds categorized as business-type activities that saw an increase in net position include Water and Sewer, Solid Waste, Stormwater, Airport and Golf. The following are the key elements of these increases/decreases:

- The Water and Sewer Fund saw an increase in net position of \$1,682,604 or 28.1% and an increase in net Capital Assets of \$1,634,187 or 60.6%, (primarily due to the completion of the Wastewater Treatment Plant Phase One.
- The Solid Waste Fund increased in net position by \$232,497 or 10.9% and had an increase in net investment in capital assets of \$120,941 or 14.5%. Interest expense decreased \$14,929 or 36.5% due to the 2016 Refunding issuance.

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- The Stormwater Fund increased net position by \$3,682 or 0.3%.
- The Municipal Airport increased net position by \$93,777 due to an increase of \$251,380 or 24.4% from the sale of 20 acres of land to the Gainesville Economic Development Corporation.
- The Golf Course total net position increased \$16,791 or 19.4% over the prior year due to an increase in revenues of \$14,287 or 7.9% of the prior year and decrease in expenditures of \$53,946 or 15.3%.

### **General Fund Budgetary Highlights**

The revenues in the original budget for FY 2017 were decreased in the final budget by \$57,546 or 0.5% (pg. 80). The actual revenue total at year-end was more than the final budget by \$991,816 or 7.9%. The actual revenue finished greater than the final budget mainly due to higher than expected sales tax of \$357,189. In addition, ad valorem tax (\$101,223), service charges (\$81,694), beverage taxes (\$1,358), license and permits (\$221,214), investment income (\$22,659), donations (\$41,955) and other income (\$212,799) all exceeded budget.

A comparison of actual expenditures to Budget shows that out of the twenty departments in the General Fund, seventeen came in under budget for the fiscal year. The actual total expenditures for FY 2017 were \$603,960 or 4.0% under the original budget and \$546,415 or 3.6% under the final budget. Capital projects ended the year under the final budget by \$55,203 or 12.2%. All departments finished the year under the original and final budgets with the exception of the following: Information Technology, Code Compliance and Fire Department. All of the overage in the Fire Department came from overtime paid to fire rescue teams sent to assist swift water rescues in Houston during Hurricane Harvey. This overage in expense is more than offset because the City will be receiving \$76,147 from the Texas Engineering Extension Services, as a reimbursement for overtime due to the assistance.

The \$8,899,989 actual ending fund balance is \$1,446,152 (pg. 81) more than the final budgeted amount.

### **Capital Asset and Debt Administration**

The largest portion of the City's net position, \$27,985,549 or 51.6%, 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, 2017, amounts to \$65,371,031 net of accumulated depreciation (pg. 7 and 23). The City's net capital assets increased \$8,701,271 or 15.4%. This increase is comprised of an increase of \$2,777,306 from Capital Assets within Governmental Activities and increased Capital Assets by \$5,923,965 from the business-type activities.

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

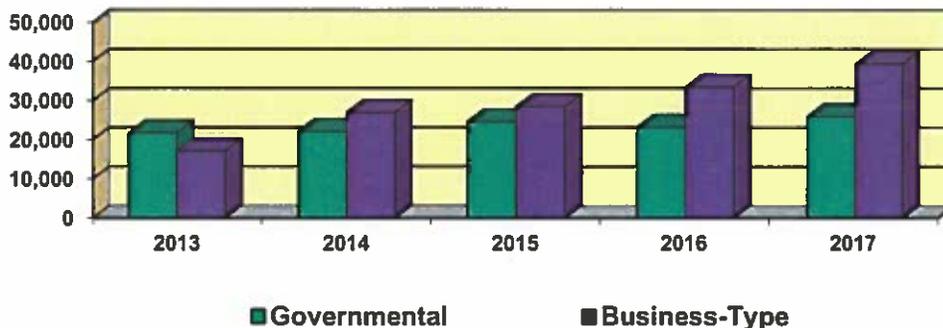
- The City continued the street improvement project. Gainesville expended \$2,764,448 on SUMP projects in FY 2017.
- Phase One of the Wastewater Treatment Plant was completed and assets placed in Service.
- \$7,852,700 in capital assets in business-type activities were purchased during the Fiscal Year. \$4,467,063 in capital assets in governmental activities were purchased during the Fiscal Year.
- The Solid Waste Fund purchased two semi-tractors for \$162,064.

Additional information on the City's capital assets is found in note III D (pg. 54-56) of this report.

**City of Gainesville**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$3,563,803	\$3,410,943	\$7,131,759	\$7,129,971	\$10,695,562	\$10,540,914
Buildings	10,035,705	9,969,168	8,328,316	2,637,460	18,364,021	12,606,628
Improvements	86,359,410	85,827,205	37,115,529	37,348,691	123,474,939	123,175,896
Machinery & equipment	8,985,144	8,827,798	10,675,544	9,496,429	19,660,688	18,324,227
Construction in progress	5,955,929	2,628,228	7,074,880	6,415,918	13,030,809	9,044,116
Less accumulated depreciation	(88,944,339)	(87,484,996)	(30,910,649)	(29,537,055)	(119,854,988)	(117,022,051)
<b>Total</b>	<b>\$25,955,652</b>	<b>\$23,178,346</b>	<b>\$39,415,379</b>	<b>\$33,491,414</b>	<b>\$65,371,031</b>	<b>\$56,669,760</b>

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



**Long-Term Debt.** As of September 30, 2017, the City of Gainesville had total debt outstanding of \$41,346,853 (see note III F. pg. 56-64). Of this amount, \$17,970,721 is in the Governmental

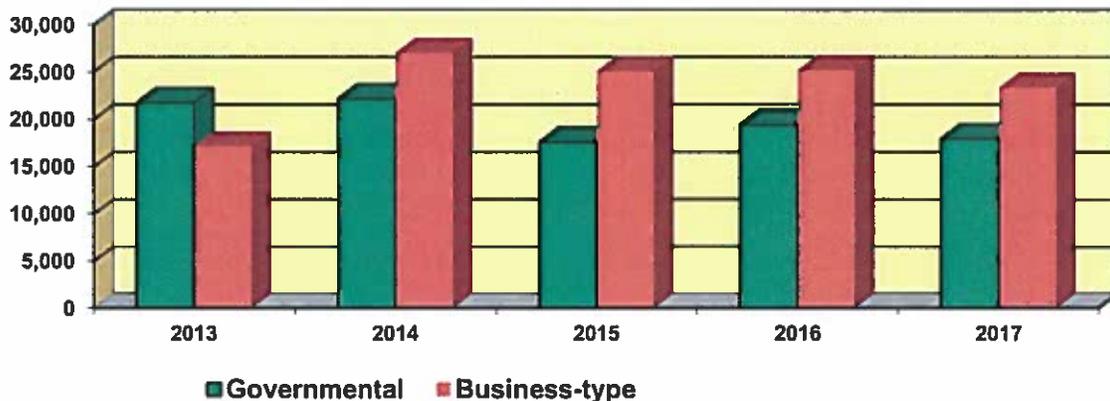
**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

Activities (pg. 56) and \$23,376,132 (pg. 59) is in the Business-Type Activities. The City's debt decreased \$3,267,972 or 7.3% during FY 2017. Principal payments in FY 2017 were \$3,160,000. The decrease in outstanding debt reflects the current year principal payments.

**City of Gainesville**  
**Outstanding Debt**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$14,812,775	\$16,054,484	\$4,977,228	\$6,030,519	\$19,790,003	\$22,085,003
Certificates of obligation bonds	2,356,500	2,494,500	17,403,500	18,130,500	19,760,000	20,625,000
Premium/Disc. /Capital leases	801,446	849,850	995,404	1,054,972	1,796,850	1,904,822
<b>Total</b>	<b>\$17,970,721</b>	<b>\$19,398,834</b>	<b>\$23,376,132</b>	<b>\$25,215,991</b>	<b>\$41,346,853</b>	<b>\$44,614,825</b>

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



As of September 30, 2017, Moody has assigned the City's bond ratings at "Aa3". At the same time, Standard & Poor has 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 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. The FY 2018 budget will

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

utilize \$2,991,110 for improvements to the city including upgrading the Farmers Market Commerce Street \$1,700,000, continuing the Sump program \$608,000 and other governmental capital projects \$683,110.

The City's demolition program continues to create open space for additional commercial and residential development. Phase one of the new subdivision Black Hill Farm, containing 42 single-family lots, recently opened for home sales. Four model homes were built for potential buyers to tour. The second phase of this project was only made possible after the City demolished a structure that gave way for an entrance off Highway 51. At this time, the master plan for phase two has been approved for 130 lots for detached townhomes. It is anticipated that construction will start on the infrastructure of the second phase in 2018. Additional housing stock will be continually coming available in the Vintage Square Subdivision. This development had been in probate for an extended time but has been purchased by a development group that recently built out all of its lots in the Summerfield Addition and Chalmers Addition in Gainesville.

Gainesville's commercial development has continued to diversify the overall economy with non-petroleum business as listed below.

- First State Bank has started construction on a new Bank Headquarters and Operations center (\$18,000,000) on the corner of I-35 and Highway 82. The project will be complete in 2018.
- QT (\$3,658,000) and Red River Stop (\$1,200,000) are completing two travel plazas.
- Fairfield Inn is building a new hotel (\$3,037,000).
- Whataburger (\$1,615,000) and Panda Express (\$650,000) will complete restaurants next to the new First State Bank.
- Rib Crib (\$1,262,000), Dairy Queen (\$788,000) and a strip center (\$855,000) with a Schlotzsky's (\$233,000) opened on the corner of I-35 and California Street.
- A Villa Grande (\$456,000) is finishing its close out in the strip center.
- Duraline (a pipe company) is starting a (\$10,000,000) expansion and hiring an additional 50 employees.
- Red River Motor Sports recently began an expansion (\$450,000) at their facility located on I-35.
- The City continues to work with several prospects that are expected to start building in 2018.

Commercial development expectations are to continue growth through FY 2018. Gainesville is also experiencing residential growth. A 233-unit apartment complex with an estimated value of \$18 million opened up at the end of summer in 2017. The Vintage Square subdivision has had 27 building permits issued for homes in 2017. Black Hill Farm Subdivision has built six homes. Gainesville issued 66 permits for new homes in FY 2107. Phase two for Black Hill with townhomes (108 lots) and single-family home sites (24 lots) are expected to start in 2018. Home prices in these subdivisions range from the \$180s up to the high \$300s.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

**General Fund**

The major revenue source for the General Fund continues to be the City's 1.25-cent sales tax. The current economic situation in Gainesville is moderate due to increased activity in the oil industry and an increase in commercial and residential development. The City anticipates collecting \$86,111 or 1.6% less in net sales tax revenues in FY 2018 than in FY 2017. Gainesville, however, will bring in more sales tax in FY 2018 than it budgeted for in FY 2017. The net revenue from sales tax is estimated to be \$5,317,200 in FY 2018.

The other largest revenue source for the General Fund is ad valorem (property) taxes. Based on the tax rate of \$0.72254 per \$100 of property value, the total ad valorem tax revenue (including delinquent penalties) is projected to increase over the FY 2017 budget by \$260,421 or 5.8%. Total ad valorem tax revenue (including delinquent penalties) is projected to be \$7,082,553. This is divided between the General Fund (\$4,762,203) and the Debt Service Fund (\$2,320,350).

Repayment of prior years (2011 – 2015) sales taxes due to audit of entities located in Gainesville, will result in a large amount to tax to be repaid. The city has budgeted \$3.52 million for the repayment in the FY 2018 General Fund as a sales tax refund, and will make the payment as soon as the amount becomes finalized. Since sales tax rebate agreements applied to the taxes that had been paid, the City expects to collect a large amount from the recipient company. Portions of the repayment will be provided by the Gainesville Economic Development Corporation.

**Enterprise Funds**

The City's enterprise funds are Water and Sewer, Solid Waste, Stormwater Drainage Utility, Airport and Golf. Revenues for Water and Sewer, Solid Waste, and Airport Funds are projected to increase for FY 2018, while revenues for the Stormwater and Golf funds are projected to decrease. Overall revenue in the enterprise funds are projected to increase by \$386,240 or 4.4% compared to the FY 2017 budget and expenditures for FY 2018 are expected to increase by \$2,156,056 or 14.1%. The increased expenses are due to large capital expenditures budgeted in part in operations for a new 250,000 gallon water tank, completion of the Wastewater Treatment Plant and purchasing capital equipment like a new Vector truck.

**Water and Sewer Fund**

The FY 2018 revenues for the Water and Sewer Fund are estimated to be \$8,730,686. A transfer of \$1,308,406 will be made to the General Fund to pay for the administrative services 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 \$1,448,045 or 17.5% in FY 2018 due to the new water tank, completion of the Wastewater Treatment Plant and purchase of capital equipment. Fees for Water will increase 2.5% while fees for Sewer will increase 2%.

**Solid Waste Fund**

The FY 2018 revenues for the Solid Waste Fund are projected to increase slightly over prior year budget by \$54,620 or 1.3%, while the normal expenditures are anticipated to decrease by \$80,191 or 1.9%. Fees will increase 5.0%.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

**Airport Fund**

The FY 2018 revenues for the Airport Fund are projected to increase by \$68,371 or 5.3% and expenses and to increase by \$62,816 or 4.9% over FY 2017 budget. These increases are due to increases in fuel sales.

**Other Funds**

The Golf Course is projecting a decrease in revenues and expenses of \$72,937 or 37.3% and Stormwater Drainage Fund is projected to decrease revenues by \$1,193 over the FY 2017 budget. Expenses in Golf Course will increase by \$40,871 or 10.2%, and Stormwater Drainage expenses are projected to increase over the FY 2017 budget \$684,515 or 55.7%.

**Additional information**

The FY 2018 budget includes personnel "pay-for-performance" programs. 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 maintained the City match for retirement contributions at 9.79%. 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 2018 are projected to be \$2,590,000. These projects are funded with Operations & Maintenance Budgets for FY 2018 and include a few of the following projects:

- The General Fund will procure \$68,206 in the Technology Department for Computers, software and security programs for the City, \$207,000 for a payment on a new Fire ladder truck, new fire SCBAs and other equipment, \$141,489 for police department vehicles and \$80,707 for machinery and equipment.
- The General Fund will also spend \$30,000 on the crack seal program, \$42,428 on a mobile truck lift jack system, \$66,000 for a new mower, truck and other equipment, \$13,000 in the Zoo for other improvements, \$16,000 mower for the Cemetery. A transfer of \$854,000 will go to the General Fund to settle sales taxes received in previous years and now due back to the State.
- The Assigned Projects Fund will invest \$900,000 for improvements in Farmers Market, and Commerce Street, \$608,000 for the street and utility maintenance program and \$100,000 to build a parking lot.
- The Capital Projects Fund will expend \$580,372 on SUMP Projects, \$12,380 on Fire First Response Program, \$50,000 on Fire Dept. SCBAs, \$68,397 on a scanning solution for the city, completion of the bridge replacement at the Golf Course damaged during the 2015 floods, repair to a maintenance building and replacement of the Pro Shop roof. The water tower will be completed with \$250,544, other water improvements will be made for \$118,000 and the cemetery will spend \$25,000 for construction of a concrete street.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

- The Water and Sewer fund will expend \$140,000 on Neptune water meters, \$10,000 for a meter reader vehicle, \$825,458 for the water tower, \$20,000 for hydrants, \$7,775 for a Prairie Dog Boring machine, \$100,000 to renovate the interior and exterior of Pump Station number 6 elevated water storage tank, and \$45,014 for a 50 ft. radio tower, additional radio repeater site and Well 10 motor.
- The Wastewater collection department will spend \$248,049 on a new Vactor Truck and \$358,381 for the completion of the new Wastewater Treatment Plant.
- The Solid Waste Fund will purchase \$283,310 in equipment and machinery, spend \$30,000 on vegetation control at the City's closed landfill, purchase a \$175,000 grapple truck to assist in residential trash pickup and will spend \$55,500 on carts and refuse containers.
- The Stormwater Fund will expend \$38,000 on two mowers, \$220,000 to repair Wheeler Street erosion, \$150,000 for stormwater pipe at Broadway and Culberson, \$100,000 for a parking lot downtown and \$353,095 to reconstruct Cummings and MLK from Culberson to Dixon.
- The Airport Fund will spend \$19,900 on a taxiway overlay project funded by a Texas Department of Aviation 90-10 grant with the state covering \$199,000. The airport will spend \$14,000 remodeling the flight planning room, kitchen, and \$30,000 on a 2005 500-gallon aviation refueling truck.



Basic  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
September 30, 2017

	PRIMARY GOVERNMENT			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash	\$ 25,016,149	\$ 7,186,162	\$ 32,202,311	\$ 1,817,610
Investments	45,521	-	45,521	500,000
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,207,359	-	1,207,359	174,023
Service	-	1,406,482	1,406,482	-
Other	621,809	84,099	705,908	10,716
Inventories	7,948	-	7,948	-
<b>Total Current Assets</b>	<b>26,898,786</b>	<b>8,676,743</b>	<b>35,575,529</b>	<b>2,502,349</b>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets</b>				
Cash	-	3,379,273	3,379,273	-
Non-depreciable Capital Assets	9,519,732	14,206,639	23,726,371	1,621,678
Other Capital Assets (net)	16,435,920	25,208,740	41,644,660	2,820,830
<b>Total Noncurrent Assets</b>	<b>25,955,652</b>	<b>42,794,652</b>	<b>68,750,304</b>	<b>4,442,508</b>
<b>TOTAL ASSETS</b>	<b>52,854,438</b>	<b>51,471,395</b>	<b>104,325,833</b>	<b>6,944,857</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding	405,296	176,802	582,098	-
Deferred Outflows Related to Pension	2,043,123	471,594	2,514,717	50,461
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,448,419</b>	<b>648,396</b>	<b>3,096,815</b>	<b>50,461</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	1,473,723	430,468	1,904,191	-
Accrued Expense	716,206	133,185	849,391	15,762
Interest Payable	74,403	96,164	170,567	-
Deposits	70,687	217,928	288,615	1,500
Current Portion-Long Term Debt	1,525,638	1,819,362	3,345,000	238,196
<b>Total Current Liabilities</b>	<b>3,860,657</b>	<b>2,697,107</b>	<b>6,557,764</b>	<b>255,458</b>
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	369,038	44,036	413,074	5,418
Postclosure Care Costs	-	657,989	657,989	-
Net Pension Liability	6,093,616	1,405,666	7,499,282	150,408
Long-Term Debt	16,445,083	21,556,770	38,001,853	1,588,630
<b>Total Noncurrent Liabilities</b>	<b>22,907,737</b>	<b>23,664,461</b>	<b>46,572,198</b>	<b>1,744,456</b>
<b>TOTAL LIABILITIES</b>	<b>26,768,394</b>	<b>26,361,568</b>	<b>53,129,962</b>	<b>1,999,914</b>
<b>DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS</b>				
	33,061	7,642	40,703	817
<b>NET POSITION</b>				
Net Investment in Capital Assets	8,390,227	19,595,322	27,985,549	2,615,682
Restricted for:				
Debt Service	1,371,883	-	1,371,883	-
Construction	5,065,270	-	5,065,270	-
Tourism & the Arts	691,782	-	691,782	-
Cemetery (nonexpendable)	1,511,950	-	1,511,950	-
Other	203,881	-	203,881	-
Unrestricted	11,266,409	6,155,259	17,421,668	2,378,905
<b>TOTAL NET POSITION</b>	<b>\$ 28,501,402</b>	<b>\$ 25,750,581</b>	<b>\$ 54,251,983</b>	<b>\$ 4,994,587</b>

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, 2017**

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	
<b>Primary Government:</b>							
<b>Governmental Activities</b>							
General Government	\$ 2,007,940	\$ 27,688	\$ -	\$ (1,980,252)	\$ -	\$ (1,980,252)	\$ -
Community Development	501,330	837,926	-	336,596	-	336,596	-
Finance	457,878	-	-	(457,878)	-	(457,878)	-
Public Safety	9,075,713	514,831	91,970	(8,468,912)	-	(8,468,912)	-
Public Works	4,256,146	663,665	-	(3,592,481)	-	(3,592,481)	-
Interest on Long-Term Debt	564,734	-	-	(564,734)	-	(564,734)	-
<b>Total Governmental Activities</b>	<b>16,863,741</b>	<b>2,044,110</b>	<b>91,970</b>	<b>(14,727,661)</b>	<b>-</b>	<b>(14,727,661)</b>	<b>-</b>
<b>Business-Type Activities</b>							
Water and Sewer	5,940,976	7,803,109	-	-	1,862,133	1,862,133	-
Municipal Airport	1,250,031	995,814	34,722	-	(219,495)	(219,495)	-
Golf Course	298,029	176,643	-	-	(121,386)	(121,386)	-
Stormwater	595,174	936,628	-	-	341,454	341,454	-
Solid Waste	2,773,845	4,093,404	-	-	1,319,559	1,319,559	-
<b>Total Business-Type Activities</b>	<b>10,858,055</b>	<b>14,005,598</b>	<b>34,722</b>	<b>-</b>	<b>3,182,265</b>	<b>3,182,265</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 27,721,796</b>	<b>\$ 16,049,708</b>	<b>\$ 126,692</b>	<b>\$ (14,727,661)</b>	<b>\$ 3,182,265</b>	<b>\$ (11,545,396)</b>	<b>\$ -</b>
<b>Component Unit:</b>							
Gainesville Economic Development Corp.	\$ 905,258	\$ 396,343	\$ -	\$ -	\$ -	\$ -	\$ (508,915)
<b>General Revenues:</b>							
<b>Taxes</b>							
Property Taxes				\$ 7,003,766	\$ -	\$ 7,003,766	\$ -
Sales Taxes				5,403,311	-	5,403,311	1,109,845
Franchise Fees				1,206,315	-	1,206,315	-
Occupancy Taxes				655,152	-	655,152	-
Mixed Beverage Taxes				34,565	-	34,565	-
Investment Income				179,997	92,919	272,916	6,418
Donations				41,955	837,800	879,755	-
Miscellaneous				345,920	113,957	459,877	8,903
Loss on Disposal of Capital Assets				-	124,974	124,974	-
Transfers In (Out) between Governmental and Business-Type Activities				2,322,564	(2,322,564)	-	-
<b>Total General Revenues and Transfers</b>				<b>17,193,545</b>	<b>(1,152,914)</b>	<b>16,040,631</b>	<b>\$ 1,125,166</b>
<b>Change in Net Position</b>				<b>2,465,884</b>	<b>2,029,351</b>	<b>4,495,235</b>	<b>616,251</b>
<b>Net Position-October 1</b>				<b>26,035,518</b>	<b>23,721,230</b>	<b>49,756,748</b>	<b>4,378,336</b>
<b>Net Position-September 30</b>				<b>\$ 28,501,402</b>	<b>\$ 25,750,581</b>	<b>\$ 54,251,983</b>	<b>\$ 4,994,587</b>

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, 2017**

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL
	GENERAL FUND	DEBT SERVICE FUND	2014 GO BONDS	2016 GO BONDS		
<b>ASSETS:</b>						
Cash	\$ 9,258,599	\$ 1,371,883	\$ 1,339,968	\$ 5,065,270	\$ 7,980,429	\$ 25,016,149
Investments	45,521	-	-	-	-	45,521
Receivables (Net of Allowances for Uncollectible)	-	-	-	-	-	-
Taxes	1,148,183	59,176	-	-	-	1,207,359
Other	552,957	-	-	-	68,852	621,809
Inventory	7,944	-	-	-	-	7,944
Due from Other Funds	-	-	-	-	-	-
Interfund Receivable	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>11,013,204</b>	<b>1,431,059</b>	<b>1,339,968</b>	<b>5,065,270</b>	<b>8,049,281</b>	<b>26,898,782</b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 1,285,703	\$ -	\$ 148,582	\$ -	\$ 39,438	\$ 1,473,723
Accrued Payroll & Benefits	347,167	-	-	-	-	347,167
Funds Held for Others	70,687	-	-	-	-	70,687
Interfund Payable	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,703,557</b>	<b>-</b>	<b>148,582</b>	<b>-</b>	<b>39,438</b>	<b>1,891,577</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable Revenue	409,658	59,176	-	-	-	468,834
<b>FUND BALANCES:</b>						
<b>Nonspendable:</b>						
Inventories	7,944	-	-	-	-	7,944
Cemetery	-	-	-	-	1,511,950	1,511,950
<b>Restricted:</b>						
Debt Service	-	1,371,883	-	-	-	1,371,883
Construction	-	-	-	5,065,270	-	5,065,270
Tourism and the Arts	-	-	-	-	691,782	691,782
Other	-	-	-	-	203,881	203,881
<b>Assigned:</b>						
Construction	-	-	1,191,386	-	3,062,263	4,253,649
Other	-	-	-	-	2,539,967	2,539,967
<b>Unassigned</b>	<b>8,892,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,892,045</b>
<b>TOTAL FUND BALANCES</b>	<b>8,899,989</b>	<b>1,371,883</b>	<b>1,191,386</b>	<b>5,065,270</b>	<b>8,009,843</b>	<b>24,538,371</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 11,013,204</b>	<b>\$ 1,431,059</b>	<b>\$ 1,339,968</b>	<b>\$ 5,065,270</b>	<b>\$ 8,049,281</b>	<b>\$ 26,898,782</b>

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

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**CITY OF GAINESVILLE, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**September 30, 2017**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 24,538,371</b>
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.	468,838
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 \$88,944,340.	25,955,652
Interest payable on long-term debt does not require current financial resources, and therefore, interest payable is not reported as a liability on the governmental funds balance sheet.	(74,403)
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.	(17,169,275)
Costs associated with long term debt are not reported in the governmental funds balance sheets.	
Deferred Loss on Early Extinguishment of Debt	405,296
Premium on Bonds	(801,446)
Compensated absences are not reported as liabilities in the governmental fund balance sheet.	(738,077)
Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$6,093,616, a deferred resource inflow in the amount of \$33,061 and a deferred resource outflow in the amount of \$2,043,123. This resulted in a decrease in net position by \$4,035,439.	(4,083,554)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 28,501,402</u></b>

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

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL
	GENERAL	DEBT SERVICE FUND	2014 GO BONDS	2016 GO BONDS		
<b>REVENUES:</b>						
Taxes						
Ad Valorem Taxes	\$ 4,501,782	\$ 2,515,743	\$ -	\$ -	\$ -	\$ 7,017,525
Sales Taxes	5,403,311	-	-	-	-	5,403,311
Franchise Tax	1,206,315	-	-	-	-	1,206,315
Occupancy Tax	-	-	-	-	-	-
Mixed Beverage Tax	34,565	-	-	-	655,152	655,152
Service Charges	1,060,894	-	-	-	-	34,565
License & Permits	423,634	-	-	-	17,063	1,077,957
Fines & Forfeitures	371,232	-	-	-	27,688	451,322
Investment Income	66,184	10,349	16,069	-	39,926	411,158
Intergovernmental Revenues	88,878	-	-	35,413	51,982	179,997
Donations	41,955	-	-	-	3,092	91,970
Other Income	336,617	19,080	-	-	-	41,955
<b>TOTAL REVENUES</b>	<b>13,535,367</b>	<b>2,545,172</b>	<b>16,069</b>	<b>35,413</b>	<b>64,675</b>	<b>420,372</b>
<b>EXPENDITURES:</b>						
Current						
General Government	1,468,588	99,210	-	-	251,105	1,818,903
Community Development	492,433	-	-	-	-	492,433
Finance	455,004	-	-	-	-	455,004
Public Safety	8,405,623	-	-	-	22,809	8,428,432
Public Works	3,319,690	-	-	-	88,215	3,407,905
Debt Service						
Principal	-	1,379,709	-	-	-	1,379,709
Interest and Other Charges	-	724,489	-	-	-	724,489
Capital Outlay	397,759	-	2,764,448	-	1,304,852	4,467,059
<b>TOTAL EXPENDITURES</b>	<b>14,539,097</b>	<b>2,203,408</b>	<b>2,764,448</b>	<b>-</b>	<b>1,666,981</b>	<b>21,173,934</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,003,730)</b>	<b>341,764</b>	<b>(2,748,379)</b>	<b>35,413</b>	<b>(807,403)</b>	<b>(4,182,335)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Funds Transferred In	2,830,341	163,307	243,667	-	374,120	3,611,435
Funds Transferred Out	(330,459)	(377,286)	-	-	(581,126)	(1,288,871)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>2,499,882</b>	<b>(213,979)</b>	<b>243,667</b>	<b>-</b>	<b>(207,006)</b>	<b>2,322,564</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,496,152</b>	<b>127,785</b>	<b>(2,504,712)</b>	<b>35,413</b>	<b>(1,014,409)</b>	<b>(1,859,771)</b>
<b>FUND BALANCE - October 1</b>	<b>7,403,837</b>	<b>1,244,098</b>	<b>3,696,098</b>	<b>5,029,857</b>	<b>9,024,252</b>	<b>26,398,142</b>
<b>FUND BALANCE - September 30</b>	<b>\$ 8,899,989</b>	<b>\$ 1,371,883</b>	<b>\$ 1,191,386</b>	<b>\$ 5,065,270</b>	<b>\$ 8,009,843</b>	<b>\$ 24,538,371</b>

The notes to the financial statements are an integral part of this statement  
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**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, 2017**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (1,859,771)</b>
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.	4,467,059
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.	(74,452)
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	(31,351)
Amortization of Bond Premium	48,404
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.	(1,615,304)
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.	(32,915)
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.	142,702
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.	1,379,709
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.	89,918
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 12/31/16 caused the change in the ending net position to increase. 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. The City's reported TMRS net pension expense had to be recorded. The net pension expense increased the change in net position. The result of these changes is to decrease the change in net position by \$48,115.	(48,115)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 2,465,884</u></b>

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



Proprietary Fund  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2017**

ASSETS	WATER & SEWER	MUNICIPAL AIRPORT	SOLID WASTE	STORMWATER	OTHER	TOTAL
					ENTERPRISE FUNDS	
Cash	\$ 3,771,124	\$ 347,940	\$ 1,970,215	\$ 1,092,767	\$ 4,116	\$ 7,186,162
Receivables (Net of Allowances for Uncollectibles):						
Service	788,407	14,741	496,437	106,897	-	1,406,482
Other	84,099	-	-	-	-	84,099
Interfund Receivables	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>4,643,630</b>	<b>362,681</b>	<b>2,466,652</b>	<b>1,199,664</b>	<b>4,116</b>	<b>8,676,743</b>
<b>Noncurrent Assets:</b>						
<b>Restricted Assets:</b>						
Cash	3,379,273	-	-	-	-	3,379,273
Interfund Receivables	-	-	-	-	-	-
Non-depreciable Capital Assets	7,149,273	118,755	-	6,921,558	17,053	14,206,639
Other Capital Assets (net)	12,044,558	2,728,932	1,946,697	6,460,573	27,980	25,208,740
<b>Total Noncurrent Assets</b>	<b>22,573,104</b>	<b>2,847,687</b>	<b>1,946,697</b>	<b>15,382,131</b>	<b>45,033</b>	<b>42,794,652</b>
<b>TOTAL ASSETS</b>	<b>27,216,734</b>	<b>3,210,368</b>	<b>4,413,349</b>	<b>16,581,795</b>	<b>49,149</b>	<b>51,471,395</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding	51,183	4,897	69,859	46,035	4,828	176,802
Deferred Outflow Related to Pension	284,129	24,330	127,857	6,286	28,992	471,594
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>335,312</b>	<b>29,227</b>	<b>197,716</b>	<b>52,321</b>	<b>33,820</b>	<b>648,396</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	340,873	300	82,504	3,917	2,874	430,468
Accrued Expense	78,763	7,263	35,680	1,647	9,832	133,185
Interfund Payables	-	-	-	-	-	-
Interest Payable	74,802	412	3,534	17,227	189	96,164
Customer Deposits	215,033	-	2,895	-	-	217,928
Capital Leases Payable-Current Portion	-	-	-	-	-	-
Revenue Bonds Payable-Current Portion	1,174,460	34,546	308,453	293,404	8,499	1,819,362
<b>Total Current Liabilities</b>	<b>1,883,931</b>	<b>42,521</b>	<b>433,066</b>	<b>316,195</b>	<b>21,394</b>	<b>2,697,107</b>
<b>Noncurrent Liabilities:</b>						
Accrued Compensated Absences	26,451	2,793	10,367	286	4,139	44,036
Postclosure Care Costs Payable	-	-	657,989	-	-	657,989
Net Pension Liability	846,892	72,521	381,100	18,737	86,416	1,405,666
Revenue Bonds Payable	17,120,952	87,934	754,133	3,553,630	40,121	21,556,770
<b>Total Noncurrent Liabilities</b>	<b>17,994,295</b>	<b>163,248</b>	<b>1,803,589</b>	<b>3,572,653</b>	<b>130,676</b>	<b>23,664,461</b>
<b>TOTAL LIABILITIES</b>	<b>19,878,226</b>	<b>205,769</b>	<b>2,236,655</b>	<b>3,888,848</b>	<b>152,070</b>	<b>26,361,568</b>
<b>DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS</b>	<b>4,602</b>	<b>397</b>	<b>2,071</b>	<b>102</b>	<b>470</b>	<b>7,642</b>
<b>NET POSITION</b>						
Net Investment In Capital Assets	4,328,875	2,730,104	953,970	11,581,132	1,241	19,595,322
Unrestricted	3,340,343	303,325	1,418,369	1,164,034	(70,812)	6,155,259
<b>TOTAL NET POSITION</b>	<b>\$ 7,669,218</b>	<b>\$ 3,033,429</b>	<b>\$ 2,372,339</b>	<b>\$ 12,745,166</b>	<b>\$ (69,571)</b>	<b>\$ 25,750,581</b>

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

The notes to the financial statements are an integral part

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	WATER & SEWER	MUNICIPAL AIRPORT	SOLID WASTE	STORMWATER	OTHER ENTERPRISE FUNDS GOLF FUND	TOTAL
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 7,803,109	\$ 995,814	\$ 4,093,404	\$ 936,628	\$ 176,643	\$14,005,598
Grant Revenue	-	34,722	-	-	-	34,722
Other Income	60,411	-	34,672	-	18,874	113,957
<b>TOTAL OPERATING REVENUES</b>	<u>7,863,520</u>	<u>1,030,536</u>	<u>4,128,076</u>	<u>936,628</u>	<u>195,517</u>	<u>14,154,277</u>
<b>OPERATING EXPENSES</b>						
Salaries and Benefits	1,613,167	141,376	736,313	38,621	176,974	2,706,451
Supplies, Materials, Repair and Maintenance	865,740	762,126	414,267	22,992	47,766	2,112,891
Heat, Light and Power	528,587	19,865	15,780	-	12,311	576,543
Lease Payments	990,937	15,600	-	-	-	1,006,537
Other	576,907	29,062	1,225,253	52,617	51,794	1,935,633
Depreciation	814,373	278,700	337,779	350,931	7,688	1,789,471
<b>TOTAL EXPENSES</b>	<u>5,389,711</u>	<u>1,246,729</u>	<u>2,729,392</u>	<u>465,161</u>	<u>296,533</u>	<u>10,127,526</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,473,809</u>	<u>(216,193)</u>	<u>1,398,684</u>	<u>471,467</u>	<u>(101,016)</u>	<u>4,026,751</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Reevaluation of Postclosure Care Costs	-	-	(8,599)	-	-	(8,599)
Amortization of Bond Premium	45,765	(208)	(9,846)	(862)	(131)	34,718
Bond Issuance Costs	-	-	-	-	-	-
Donations	837,800	-	-	-	-	837,800
Gain (Loss) on Disposal of Capital Assets	20,161	250,000	(145,187)	-	-	124,974
Investment Income	70,876	1,518	12,389	8,136	-	92,919
Interest Expense	(597,030)	(3,094)	(26,008)	(129,151)	(1,365)	(756,648)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>377,572</u>	<u>248,216</u>	<u>(177,251)</u>	<u>(121,877)</u>	<u>(1,496)</u>	<u>325,164</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>2,851,381</u>	<u>32,023</u>	<u>1,221,433</u>	<u>349,590</u>	<u>(102,512)</u>	<u>4,351,915</u>
<b>TRANSFERS</b>						
Transfers In	197,085	68,911	-	250,278	178,567 <sup>1</sup>	694,841
Transfers Out	(1,365,862)	(7,157)	(988,936)	(596,186) <sup>1</sup>	(59,264)	(3,017,405)
<b>NET TRANSFERS</b>	<u>(1,168,777)</u>	<u>61,754</u>	<u>(988,936)</u>	<u>(345,908)</u>	<u>119,303</u>	<u>(2,322,564)</u>
<b>CHANGE IN NET POSITION</b>	1,682,604	93,777	232,497	3,682	16,791	2,029,351
<b>NET POSITION, OCTOBER 1</b>	5,986,614	2,939,652	2,139,842	12,741,484	(86,362)	23,721,230
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$ 7,669,218</u>	<u>\$ 3,033,429</u>	<u>\$ 2,372,339</u>	<u>\$ 12,745,166</u>	<u>\$ (69,571)</u>	<u>\$25,750,581</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, 2017**

	WATER AND SEWER FUND	MUNICIPAL AIRPORT	SOLID WASTE FUND	STORMWATER	OTHER ENTERPRISE FUND GOLF	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 8,044,628	\$ 1,044,006	\$ 4,131,318	\$ 944,909	\$ 195,517	\$ 14,360,378
Payments to Suppliers for Goods and Services	(3,018,762)	(880,109)	(1,673,686)	(113,428)	(112,686)	(5,798,671)
Payments to Employees	(1,619,919)	(134,138)	(740,056)	(40,948)	(191,486)	(2,726,547)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,405,947</u>	<u>29,759</u>	<u>1,717,576</u>	<u>790,533</u>	<u>(108,655)</u>	<u>5,835,160</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfers In	197,085	68,911	-	250,278	178,567	694,841
Transfers Out	(1,365,862)	(7,157)	(988,936)	(596,186)	(59,264)	(3,017,405)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(1,168,777)</u>	<u>61,754</u>	<u>(988,936)</u>	<u>(345,908)</u>	<u>119,303</u>	<u>(2,322,564)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of Capital Assets	(6,590,953)	(35,951)	(346,753)	(39,444)	(1,788)	(7,014,889)
Proceeds from Sale of Assets	20,161	250,000	14,227	-	-	284,388
Payment of Postclosure Care Costs	-	-	(155)	-	-	(155)
Principal Paid on Bonds and Certificates of Obligation	(1,131,307)	(31,303)	(281,227)	(329,783)	(6,670)	(1,780,290)
Interest and Paying Agent Fees Paid on Bonds, Notes, and Certificates of Obligation	(609,952)	(4,696)	(39,972)	(136,336)	(2,216)	(793,172)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(8,312,051)</u>	<u>178,050</u>	<u>(653,880)</u>	<u>(505,563)</u>	<u>(10,574)</u>	<u>(9,304,118)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on Investments	70,876	1,518	12,390	8,135	-	92,919
Proceeds from Maturities of Investments	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>70,876</u>	<u>1,518</u>	<u>12,390</u>	<u>8,135</u>	<u>-</u>	<u>92,919</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<u>(6,004,005)</u>	<u>271,081</u>	<u>87,150</u>	<u>(52,803)</u>	<u>(26)</u>	<u>(5,698,603)</u>
CASH - October 1	13,154,402	76,859	1,883,065	1,145,570	4,142	16,264,038
<b>CASH - September 30</b>	<u>\$ 7,150,397</u>	<u>\$ 347,940</u>	<u>\$ 1,970,215</u>	<u>\$ 1,092,767</u>	<u>\$ 4,116</u>	<u>\$ 10,565,435</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 2,473,809	\$ (216,193)	\$ 1,398,684	\$ 471,467	\$ (101,016)	\$ 4,026,751
Adjustments:						
Depreciation Expense	814,373	278,700	337,779	350,931	7,688	1,789,471
Pension Expense	(16,231)	6,965	(5,858)	(924)	(13,722)	(29,770)
Change in Assets and Liabilities:						
Receivables, Net	208,172	13,470	3,242	8,356	-	233,240
Accounts Payable	(56,591)	(53,456)	(18,386)	(37,883)	(990)	(167,306)
Accrued Expense	(10,682)	273	2,115	(1,339)	(615)	(10,248)
Customer Deposits	(6,903)	-	-	(75)	-	(6,978)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 3,405,947</u>	<u>\$ 29,759</u>	<u>\$ 1,717,576</u>	<u>\$ 790,533</u>	<u>\$ (108,655)</u>	<u>\$ 5,835,160</u>
<b>NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Capital Assets Acquired with Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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Notes to Basic  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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" and more fully described in the immediately subsequent section of this note and the City's government-wide financial statements.

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

**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, 2017**

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, 2016 to September 30, 2017. 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, 2017:

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General Fund – 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.

2016 GO Bond Fund - This fund accounts for the street utility maintenance project funded by the 2016 General Obligation Bonds.

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

The City reports the following major proprietary funds at September 30, 2017:

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, City Athletic Fields, Flood Repairs, Cable Peg Fee, Federal Seizure, State Seizure, Construction Projects, Assigned Projects Fund, Hospital Demolition, 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.

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

**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.

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

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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** – These 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 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.

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**Internal Service Funds** – These 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 has no fiduciary funds.

**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, 2017, 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**

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.

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**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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. An item is classified as an asset if the initial, individual cost is \$15,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method. The estimated useful lives of all depreciable assets are as follows:

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, 2017.

**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 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.

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**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 represents 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.

**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.

*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.

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**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.

One adjustment was needed to correct prior year income charged to the wrong period. During the current fiscal year, the City inventoried all fixed assets. An entry was needed to move fixed assets into the correct fund and remove assets that had been disposed of.

**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.

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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, Hospital Demolition, Cable Peg Fee, Debt Service, Cemetery Permanent, Assigned Projects, and Cohen Scholarship.

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

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

**B. Excess of Expenditures over Appropriations**

For the year ended September 30, 2017, expenditures exceeded appropriations in the following funds:

General Fund		
Information Technology	\$	1,776
Inspections		339
Fire		74,728
Nonmajor Governmental Funds:		
Juvenile Case Manager		253

**C. Deficit Fund Equity**

The Golf Course Fund is reporting a deficit fund balance in the amount of \$69,571. Most of this deficit was the result of posting the entries for the net pension liability in the amount of \$57,894.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

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Cash on Hand	\$ 5,550
Cash Equivalents - TexStar & TexPool	32,131,011
Cash in Banks	5,262,634
Total Cash and Cash Equivalents	\$ 37,399,194

	Governmental Activities	Business Activities	Component Unit	Total
Cash and Cash Equivalents	\$ 25,016,149	\$ 7,186,162	\$1,817,610	\$34,019,921
Restricted Cash and Cash Equivalents	-	3,379,273	-	3,379,273
Totals	\$ 25,016,149	\$ 10,565,435	\$1,817,610	\$37,399,194

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, 2017, the City had \$5,550 of cash on hand. The carrying amount of the City's cash in bank totaled \$3,937,137 and bank balance was \$3,530,876. 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 \$3,720,182. The carrying amount of the Gainesville Economic Development Corporation's cash as of September 30, 2017, as reflected in the statement of net position was \$1,325,497 and the bank balance was \$1,263,418. 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	Component Unit	Total
Investments	\$ 45,521	\$ -	\$ 500,000	\$ 545,521

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.

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**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 \$8,801,496 on deposit with TexPool and \$22,805,206 on deposit with TexStar at September 30, 2017. The GEDC had \$524,309 on deposit with TexStar at September 30, 2017.

**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, 2017, 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 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, 2017 is as follows:

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	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, 2017, the rates were \$.4329 and \$.27213, respectively, per \$100 of assessed value. At September 30, 2017, the City had a tax margin of \$1.79497 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, 2017, 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			Total
	General Fund	Debt Service	Nonmajor Funds	
Property Taxes	\$ 141,482	\$ 79,244	\$ -	\$ 220,726
Sales Tax	1,044,139	-	-	1,044,139
Other Local Fees	-	-	62,085	62,085
Franchise Fees	45,865	-	-	45,865
Court Warrants	707,752	-	-	707,752
Grants	31,989	-	-	31,989
Other	114,815	-	6,767	121,582
	<u>2,086,042</u>	<u>79,244</u>	<u>68,852</u>	<u>2,234,138</u>
Allowance for Uncollectibles	(384,902)	(20,068)	-	(404,970)
Net Receivables	<u>\$ 1,701,140</u>	<u>\$ 59,176</u>	<u>\$ 68,852</u>	<u>\$ 1,829,168</u>

	Proprietary Funds					Total
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor-Golf Fund	
Service Receivables	\$ 788,407	\$ 14,741	\$ 507,593	\$ 109,419	\$ -	\$ 1,420,160
Other	105,849	-	-	-	-	105,849
	<u>894,256</u>	<u>14,741</u>	<u>507,593</u>	<u>109,419</u>	<u>-</u>	<u>1,526,009</u>
Allowance for Uncollectibles	(21,750)	-	(11,156)	(2,522)	-	(35,428)
Net Receivables	<u>\$ 872,506</u>	<u>\$ 14,741</u>	<u>\$ 496,437</u>	<u>\$ 106,897</u>	<u>\$ -</u>	<u>\$ 1,490,581</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.

There were no Interfund receivable or payable balances at September 30, 2017.

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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor Governmental Funds	\$ 404,331
	Water & Sewer Utility	1,238,406
	Stormwater Utility	198,668
	Solid Waste Utility	988,936
Debt Service Fund	Stormwater Utility	163,307
2014 GO	Nonmajor Governmental Funds	234,211
	Water & Sewer Fund	9,456

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Nonmajor Governmental Funds	Nonmajor Governmental Funds	24,096
	General Fund	165,603
	Nonmajor Enterprise Funds	59,264
	Water & Sewer Fund	118,000
	Municipal Airport Fund	7,157
Enterprise Funds:		
Water & Sewer Fund	Debt Service Fund	121,506
	Nonmajor Governmental Funds	75,579
Municipal Airport Fund	Debt Service Fund	36,023
	Nonmajor Governmental Funds	32,888
Stormwater Fund	Debt Service Fund	210,834
	Nonmajor Governmental Funds	39,444
Nonmajor Enterprise Funds	General Fund	164,856
	Debt Service Fund	8,923
	Nonmajor Governmental Funds	4,788
		<u>\$ 4,306,276</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, 2017 was as follows:

	<u>Balance</u> <u>10/1/2016</u>	<u>Additions/</u> <u>Completions</u>	<u>Transfers &amp;</u> <u>Deletions</u>	<u>Balance</u> <u>9/30/2017</u>
<b>Governmental Activities:</b>				
Non-Depreciable Capital Assets:				
Construction				
in Progress	\$ 2,628,228	\$ 3,840,879	\$ (513,178)	\$ 5,955,929
Land & Land Rights	3,410,943	152,860	-	3,563,803
	<u>6,039,171</u>	<u>3,993,739</u>	<u>(513,178)</u>	<u>9,519,732</u>
Depreciable Capital Assets:				
Motorized Vehicle	6,132,270	209,390	(155,899)	6,185,761
Machinery & Equip.	1,910,961	82,908	(19,235)	1,974,634
Furniture & Fixtures	173,208	36,688	-	209,896
Office Mach. & Equip.	611,359	38,621	(35,127)	614,853
Buildings	9,969,168	66,537	-	10,035,705
Improvements	85,827,205	39,180	493,025	86,359,410
	<u>104,624,171</u>	<u>473,324</u>	<u>438,663</u>	<u>105,380,259</u>
Less Accumulated Depreciation:				
Motorized Vehicle	(4,012,624)	(364,762)	137,179	(4,240,207)
Machinery & Equip.	(1,159,267)	(135,332)	18,780	(1,275,819)
Furniture & Fixtures	(164,985)	(5,376)	-	(170,361)
Office Mach. & Equip.	(350,904)	(59,158)	-	(410,062)
Buildings	(6,893,778)	(268,825)	-	(7,162,603)
Improvements	(74,903,438)	(781,849)	-	(75,685,287)
	<u>(87,484,996)</u>	<u>(1,615,302)</u>	<u>155,959</u>	<u>(88,944,339)</u>
Net Depreciable Capital Assets	<u>17,139,175</u>	<u>(1,141,978)</u>	<u>594,622</u>	<u>16,435,920</u>
Net Capital Assets	<u>\$ 23,178,346</u>	<u>\$ 2,851,761</u>	<u>\$ 81,444</u>	<u>\$ 25,955,652</u>

**CITY OF GAINESVILLE, TEXAS**  
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<b>Proprietary Funds</b>	<u>Balance 10/1/2016</u>	<u>Additions/ Completions</u>	<u>Transfers/ Disposals</u>	<u>Balance 9/30/2017</u>
<b><u>Non-Depreciable Capital Assets:</u></b>				
<b>Construction</b>				
In Progress	\$ 6,415,918	\$ 538,125	\$ 120,837	\$ 7,074,880
Land & Land Rights	7,129,971	1,788	-	7,131,759
	<u>13,545,889</u>	<u>539,913</u>	<u>120,837</u>	<u>14,206,639</u>
<b><u>Depreciable Capital Assets:</u></b>				
Motorized Vehicles	5,985,542	303,630	(507,845)	5,781,327
Machinery & Equip.	3,247,261	514,977	853,773	4,616,011
Furniture & Fixtures	1,080	-	-	1,080
Office Mach. & Equip.	262,546	-	14,580	277,126
Buildings	2,637,460	5,811,694	(120,838)	8,328,316
Improvements	19,608,350	35,271	20,149	19,663,770
Plant In Svc-Water	12,327,284	59,415	(935,797)	11,450,902
Plant In Svc-Sewer	5,413,057	587,800	-	6,000,857
	<u>49,482,580</u>	<u>7,312,787</u>	<u>(675,978)</u>	<u>56,119,389</u>
<b>Less Accumulated Depreciation:</b>				
Motorized Vehicles	(3,519,911)	(381,957)	407,848	(3,494,020)
Machinery & Equip.	(2,600,319)	(140,115)	(696,711)	(3,437,145)
Furniture & Fixtures	(1,080)	-	-	(1,080)
Office Mach. & Equip.	(223,933)	(4,710)	-	(228,643)
Buildings	(2,046,020)	(168,382)	-	(2,214,402)
Improvements	(7,070,173)	(747,055)	-	(7,817,228)
Plant In Svc-Water	(9,256,956)	(306,264)	704,740	(8,858,480)
Plant In Svc-Sewer	(4,818,663)	(40,988)	-	(4,859,651)
	<u>(29,537,055)</u>	<u>(1,789,471)</u>	<u>415,877</u>	<u>(30,910,649)</u>
Net Depreciable Capital Assets	<u>19,945,525</u>	<u>5,523,316</u>	<u>(260,101)</u>	<u>25,208,740</u>
Net Capital Assets	<u>\$ 33,491,414</u>	<u>\$ 6,063,229</u>	<u>\$ (139,264)</u>	<u>\$ 39,415,379</u>

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	Balance 10/1/2016	Additions/ Completions	Disposals	Balance 9/30/2017
<b>Discretely Presented Component Unit:</b>				
<b><u>Non-Depreciable Capital Assets:</u></b>				
Land & Land Rights	\$ 786,883	\$ 834,795	\$ -	\$ 1,621,678
Construction in Progress	-	-	-	-
<b>Total Non-Depreciable Capital Assets</b>	<b>786,883</b>	<b>834,795</b>	<b>-</b>	<b>1,621,678</b>
<b><u>Depreciable Capital Assets:</u></b>				
Office Mach. & Equip.	1,545	-	-	1,545
Improvements	1,761,278	-	-	1,761,278
Buildings	1,984,814	-	-	1,984,814
	<b>3,747,637</b>	<b>-</b>	<b>-</b>	<b>3,747,637</b>
<b>Less Accumulated Depreciation:</b>				
Office Mach. & Equip.	(464)	(309)	-	(773)
Buildings	(859,712)	(66,322)	-	(926,034)
	<b>(860,176)</b>	<b>(66,631)</b>	<b>-</b>	<b>(926,807)</b>
<b>Net Depreciable Capital Assets</b>	<b>2,887,461</b>	<b>(66,631)</b>	<b>-</b>	<b>2,820,830</b>
<b>Net Capital Assets</b>	<b>\$ 3,674,344</b>	<b>\$ 768,164</b>	<b>\$ -</b>	<b>\$ 4,442,508</b>

**CITY OF GAINESVILLE, TEXAS**  
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Capital asset balances of individual proprietary funds as of September 30, 2017 were as follows:

	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	Totals
<b>Non-Depreciable Capital Assets:</b>						
Construction						
In Progress	\$ 7,034,756	\$ 680	\$ -	\$ 39,444	\$ -	\$ 7,074,880
Land & Land Rights	114,517	118,075	-	6,882,114	17,053	7,131,759
	<u>7,149,273</u>	<u>118,755</u>	<u>-</u>	<u>6,921,558</u>	<u>17,053</u>	<u>14,206,639</u>
<b>Depreciable Capital Assets:</b>						
Motorized Vehicles	1,634,557	120,177	3,005,754	838,901	181,938	5,781,327
Machinery & Equip.	2,786,544	169,941	1,588,510	34,121	36,895	4,616,011
Furniture & Fixtures	1,080	-	-	-	-	1,080
Office Mach. & Equip.	211,307	6,500	34,244	25,075	-	277,126
Buildings	6,224,402	876,395	1,156,811	-	70,708	8,328,316
Improvements	4,248,381	5,963,648	52,747	8,958,495	440,499	19,663,770
Plant In Service-Water	11,450,902	-	-	-	-	11,450,902
Plant In Service-Sewer	6,000,857	-	-	-	-	6,000,857
	<u>32,558,030</u>	<u>7,136,661</u>	<u>5,838,066</u>	<u>9,856,592</u>	<u>730,040</u>	<u>56,119,389</u>
<b>Less Accumulated Depreciation:</b>						
Motorized Vehicles	(1,014,839)	(98,136)	(1,725,575)	(487,635)	(167,835)	(3,494,020)
Machinery & Equip.	(2,022,310)	(133,503)	(1,210,315)	(34,122)	(36,895)	(3,437,145)
Furniture & Fixtures	(1,080)	-	-	-	-	(1,080)
Office Mach. & Equip.	(183,178)	(6,500)	(34,244)	(4,721)	-	(228,643)
Buildings	(636,256)	(597,875)	(909,563)	-	(70,708)	(2,214,402)
Improvements	(2,937,678)	(3,571,715)	(11,672)	(869,541)	(426,622)	(7,817,228)
Plant In Service-Water	(8,858,480)	-	-	-	-	(8,858,480)
Plant In Service-Sewer	(4,859,651)	-	-	-	-	(4,859,651)
	<u>(20,513,472)</u>	<u>(4,407,729)</u>	<u>(3,891,369)</u>	<u>(1,396,019)</u>	<u>(702,060)</u>	<u>(30,910,649)</u>
Net Depreciable Capital Assets	<u>12,044,558</u>	<u>2,728,932</u>	<u>1,946,697</u>	<u>8,460,573</u>	<u>27,980</u>	<u>25,208,740</u>
Net Capital Assets	<u>\$ 19,193,831</u>	<u>\$ 2,847,687</u>	<u>\$ 1,946,697</u>	<u>\$ 15,382,131</u>	<u>\$ 45,033</u>	<u>\$ 39,415,379</u>

**CITY OF GAINESVILLE, TEXAS**  
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Depreciation expense was charged as a direct expense to programs as follows:

<b>Governmental Activities:</b>	
General Government	\$ 188,441
Community Development	9,145
Public Safety	574,856
Public Works	842,860
	<u>\$ 1,615,302</u>
<b>Discretely Presented Component Unit:</b>	
Gainesville Economic Development Corp	\$ 66,631
<b>Proprietary Funds:</b>	
Water & Sewer	\$ 814,373
Airport	278,700
Solid Waste	337,779
Stormwater	350,931
Golf Course	7,688
	<u>\$ 1,789,471</u>

**E. Accounts Payable**

Accounts payable as of September 30, 2017, for the City's major funds and nonmajor funds in the aggregate are as follows:

	<u>Governmental Funds</u>					
	<u>General Fund</u>	<u>Debt Service</u>	<u>2014 GO</u>	<u>2016 GO</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Vendor Payables	\$ 1,231,669	\$ -	\$ 148,582	\$ -	\$ 39,438	\$ 1,419,689
Court Costs Payable	54,034	-	-	-	-	54,034
Funds Held for Others	70,687	-	-	-	-	70,687
Accrued Payroll & Benefits	347,167	-	-	-	-	347,167
	<u>\$ 1,703,557</u>	<u>\$ -</u>	<u>\$ 148,582</u>	<u>\$ -</u>	<u>\$ 39,438</u>	<u>\$ 1,891,577</u>
	<u>Proprietary Funds</u>					
	<u>Water and Sewer</u>	<u>Municipal Airport</u>	<u>Solid Waste</u>	<u>Stormwater Utility</u>	<u>Nonmajor-Golf Fund</u>	<u>Total</u>
Vendor Payables	\$ 340,873	\$ 300	\$ 70,588	\$ 3,917	\$ 2,874	\$ 418,552
Accrued Comp. Absences	26,451	4,470	10,367	286	4,139	45,713
Postclosure Care Costs	-	-	11,916	-	-	11,916
Accrued Payroll & Benefits	52,312	2,793	25,313	1,361	5,693	87,472
Deposits Payable	215,033	-	2,895	-	-	217,928
Interest Payable	74,802	412	3,534	17,227	189	96,164
Totals	<u>\$ 709,471</u>	<u>\$ 7,975</u>	<u>\$ 124,613</u>	<u>\$ 22,791</u>	<u>\$ 12,895</u>	<u>\$ 877,745</u>

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**F. Long-Term Debt**

**1. Governmental Activities Long-Term Debt**

As of September 30, 2017, 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	402,497	402,497
Series 2008	4.00%	2008	2028	2,805,000	1,452,156	107,276
Series 2012	2.0-3.0%	2012	2024	2,422,557	715,662	98,712
Series 2014	0.33-2.31%	2014	2020	753,455	271,654	155,817
Series 2014	3.5-4.0%	2014	2034	4,765,000	4,255,000	180,000
Series 2016	2.25-4.0%	2016	2036	9,215,000	7,715,806	439,586
Total General Obligation Bonds					14,812,775	1,383,888
Certificates of Obligation Bonds:						
Series 2010	1.25-4.4%	2010	2030	2,036,000	1,633,500	101,250
Series 2012	2.0-3.5%	2012	2032	2,219,000	723,000	40,500
Total Certificates of Obligation Bonds					2,356,500	141,750
Total Long-Term Debt - Governmental Activities					\$ 17,169,275	\$ 1,525,638

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

	Balance 10/1/2016	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2017
General Obligation Bonds:					
Series 2007	\$ 834,932	\$ -	\$ -	\$ (432,435)	\$ 402,497
Series 2008	1,555,306	-	-	(103,150)	1,452,156
Series 2012	1,089,945	-	-	(374,283)	715,662
Series 2014	4,430,000	-	-	(175,000)	4,255,000
Series 2014 Ref	428,495	-	-	(156,841)	271,654
Series 2016 Ref	7,715,806	-	-	-	7,715,806
Total GO Bonds	16,054,484	-	-	(1,241,709)	14,812,775
Certificates of Obligation Bonds:					
Series 2010	1,732,500	-	-	(99,000)	1,633,500
Series 2012	762,000	-	-	(39,000)	723,000
Total CO Bonds	2,494,500	-	-	(138,000)	2,356,500
Premium/Discount	849,850	-	-	(48,404)	801,446
Total Long Term Debt - Governmental Activities	\$ 19,398,834	\$ -	\$ -	\$ (1,428,113)	\$ 17,970,721

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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
2018	1,383,889	481,563	1,865,452	141,750	76,447	218,204	1,525,639	558,010	2,083,649
2019	1,201,910	440,591	1,642,501	146,250	72,532	218,790	1,348,160	513,123	1,861,283
2020	1,342,658	400,951	1,743,609	150,000	68,396	218,405	1,492,658	469,347	1,962,005
2021	1,204,052	360,774	1,564,826	154,500	64,144	218,654	1,358,552	424,918	1,783,470
2022	1,238,297	317,853	1,556,150	158,250	59,880	218,141	1,396,547	377,733	1,774,280
2023	817,023	278,291	1,095,314	164,250	55,147	219,409	981,273	333,438	1,314,711
2024	853,998	245,939	1,099,937	170,250	49,282	219,545	1,024,248	295,221	1,319,469
2025	775,882	213,896	989,778	176,250	42,829	219,093	952,132	256,725	1,208,857
2026	808,817	185,795	994,612	182,250	36,390	218,655	991,067	222,185	1,213,252
2027	634,549	162,181	796,730	188,250	29,669	217,935	822,799	191,850	1,014,649
2028	656,791	140,384	797,175	195,000	22,641	217,658	851,791	163,025	1,014,816
2029	509,446	121,286	630,732	203,250	15,258	218,526	712,696	136,544	849,240
2030	527,819	104,326	632,145	210,750	7,518	218,268	738,569	111,844	850,413
2031	542,006	86,830	628,836	57,000	2,697	59,697	599,006	89,527	688,533
2032	560,379	68,794	629,173	58,500	907	59,407	618,879	69,701	688,580
2033	583,752	49,506	633,258	-	-	-	583,752	49,506	633,258
2034	602,125	28,944	631,069	-	-	-	602,125	28,944	631,069
2035	280,498	13,946	294,444	-	-	-	280,498	13,946	294,444
2036	288,884	4,694	293,578	-	-	-	288,884	4,694	293,578
	<u>\$ 14,812,775</u>	<u>\$ 3,706,544</u>	<u>\$ 18,519,319</u>	<u>\$ 2,356,500</u>	<u>\$ 603,737</u>	<u>\$ 2,960,387</u>	<u>\$ 17,169,275</u>	<u>\$ 4,310,281</u>	<u>\$ 21,479,556</u>

**CITY OF GAINESVILLE, TEXAS**  
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**2. Business-Type Activities Long-Term Debt**

As of September 30, 2017, 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	2030	1,111,500	943,800	58,500
Series 2012	2.0-3.5%	2012	2032	400,500	361,500	20,250
Series 2013	4%-2.75%	2013	2033	5,730,000	4,910,000	235,000
Series 2015	4%-2.75%	2015	2035	9,215,000	8,810,000	300,000
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	965,362	58,522	58,522
Series 2008	4.00%	2008	2028	12,000	1,176,580	86,892
Series 2014	0.33-2.31%	2014	2020	1,888,818	681,003	390,613
Series 2016 Ref	2.25-4.0%	2016	2036	433,257	433,257	24,684
					17,374,662	1,174,461
<u>Municipal Airport</u>						
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	160,450	9,727	9,727
Series 2014	0.33-2.31%	2014	2020	100,176	36,117	20,717
Series 2016 Ref	2.25-4.0%	2016	2036	72,009	72,009	4,102
					117,853	34,546
<u>Solid Waste Utility</u>						
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	1,352,678	82,001	82,001
Series 2014	0.33-2.31%	2014	2020	1,194,790	334,501	191,865
Series 2016 Ref	2.25-4.0%	2016	2036	607,079	607,079	34,587
					1,023,581	308,453
<u>Stormwater Utility</u>						
Certificates of Obligation Bonds:						
Series 2010	1.25-4.4%	2010	2030	1,239,750	1,052,700	65,250
Series 2012	2.0-3.5%	2012	2032	1,468,500	1,325,500	74,250
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	774,843	46,972	46,972
Series 2008	4.00%	2008	2028	2,608,000	891,264	65,832
Series 2012	2.0-3.0%	2012	2024	522,443	154,338	21,288
Series 2016 Ref	2.25-4.0%	2016	2036	347,750	347,750	19,812
					3,818,524	293,404
<u>Municipal Golf Course</u>						
General Obligation Bonds:						
Series 2007	4.0-4.125%	2007	2026	87,127	5,281	5,281
Series 2014	0.33-2.31%	2014	2020	4,784	1,725	989
Series 2016 Ref	2.25-4.0%	2016	2036	39,102	39,102	2,228
					46,108	8,498
<b>Total Bonds - Proprietary Funds Activities</b>					<b>\$ 22,380,728</b>	<b>\$ 1,819,362</b>

**CITY OF GAINESVILLE, TEXAS**  
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The changes in long-term debt for proprietary funds are summarized as follows:

	Balance 10/1/2016	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2017
<b>Water and Sewer Utility</b>					
Certificates of Obligation Bonds:					
Series 2010	1,001,000	-	-	(57,200)	943,800
Series 2012	381,000	-	-	(19,500)	361,500
Series 2013	5,140,000	-	-	(230,000)	4,910,000
Series 2015	9,095,000	-	-	(285,000)	8,810,000
General Obligation Bonds:					
Series 2007	121,396	-	-	(62,874)	58,522
Series 2008	1,260,130	-	-	(83,550)	1,176,580
Series 2014	1,074,186	-	-	(393,183)	681,003
Series 2016	433,257	-	-	-	433,257
Discount/Premium	975,550	-	-	(54,800)	920,750
	<u>19,481,519</u>	<u>-</u>	<u>-</u>	<u>(1,186,107)</u>	<u>18,295,412</u>
<b>Municipal Airport</b>					
General Obligation Bonds:					
Series 2007	20,177	-	-	(10,450)	9,727
Series 2014	56,970	-	-	(20,853)	36,117
Series 2016	72,009	-	-	-	72,009
Discount/Premium	4,878	-	-	(251)	4,627
	<u>154,034</u>	<u>-</u>	<u>-</u>	<u>(31,554)</u>	<u>122,480</u>
<b>Solid Waste Utility</b>					
General Obligation Bonds:					
Series 2007	170,101	-	-	(88,100)	82,001
Series 2014	527,628	-	-	(193,127)	334,501
Series 2016	607,079	-	-	-	607,079
Discount/Premium	41,126	-	-	(2,121)	39,005
	<u>1,345,934</u>	<u>-</u>	<u>-</u>	<u>(283,348)</u>	<u>1,062,586</u>
<b>Stormwater Utility</b>					
General Obligation Bonds:					
Series 2007	97,438	-	-	(50,466)	46,972
Series 2008	954,564	-	-	(63,300)	891,264
Series 2012	235,055	-	-	(80,717)	154,338
Series 2016	347,750	-	-	-	347,750
Certificates of Obligation Bonds:					
Series 2010	1,116,500	-	-	(63,800)	1,052,700
Series 2012	1,397,000	-	-	(71,500)	1,325,500
Discount/Premium	30,770	-	-	(2,259)	28,511
	<u>4,179,077</u>	<u>-</u>	<u>-</u>	<u>(332,042)</u>	<u>3,847,035</u>
<b>Municipal Golf Course</b>					
General Obligation Bonds:					
Series 2007	10,956	-	-	(5,675)	5,281
Series 2014	2,721	-	-	(996)	1,725
Series 2016	39,102	-	-	-	39,102
Discount/Premium	2,648	-	-	(137)	2,511
	<u>55,427</u>	<u>-</u>	<u>-</u>	<u>(6,808)</u>	<u>48,619</u>
<b>Totals</b>	<u>\$ 25,215,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,839,859)</u>	<u>\$ 23,376,132</u>

**City of Gainesville, Texas**  
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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:

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Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	613,750	503,810	1,117,560	560,711	68,237	628,948	1,174,461	572,047	1,746,508
2019	691,350	481,111	1,172,461	276,224	58,916	335,140	967,574	540,027	1,507,601
2020	713,400	455,218	1,168,618	289,188	50,957	340,145	1,002,588	506,175	1,508,763
2021	741,000	427,136	1,168,136	142,079	44,032	186,111	883,079	471,168	1,354,247
2022	773,050	395,887	1,168,937	146,832	38,471	185,303	919,882	434,358	1,354,240
2023	811,400	360,925	1,172,325	125,725	33,019	158,744	937,125	393,944	1,331,069
2024	844,750	325,654	1,170,404	131,443	27,876	159,319	976,193	353,530	1,329,723
2025	873,100	295,947	1,169,047	137,397	22,499	159,896	1,010,497	318,446	1,328,943
2026	896,450	270,734	1,167,184	143,350	17,084	160,434	1,039,800	287,818	1,327,618
2027	924,800	244,123	1,168,923	136,113	11,790	147,903	1,060,913	255,913	1,316,826
2028	953,700	216,009	1,169,709	143,228	6,396	149,624	1,096,928	222,405	1,319,333
2029	978,350	187,040	1,165,390	13,165	3,432	16,597	991,515	190,472	1,181,987
2030	1,017,450	155,763	1,173,213	13,635	3,030	16,665	1,031,085	158,793	1,189,878
2031	953,500	123,961	1,077,461	13,870	2,618	16,488	967,370	126,579	1,093,949
2032	989,250	92,223	1,081,473	14,340	2,195	16,535	1,003,590	94,418	1,098,008
2033	985,000	59,213	1,044,213	14,810	1,748	16,558	999,810	60,961	1,060,771
2034	620,000	32,650	652,650	15,280	1,277	16,557	635,280	33,927	669,207
2035	645,000	11,288	656,288	15,751	782	16,533	660,751	12,070	672,821
2036	-	-	-	16,221	263	16,484	16,221	263	16,484
	<b>\$ 15,025,300</b>	<b>\$ 4,638,692</b>	<b>\$ 19,663,992</b>	<b>\$ 2,349,362</b>	<b>\$ 394,622</b>	<b>\$ 2,743,984</b>	<b>\$ 17,374,662</b>	<b>\$ 5,033,314</b>	<b>\$ 22,407,976</b>

**City of Gainesville, Texas**  
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**Stormwater Utility** – Stormwater long-term debt consists of general obligation bonds and certificates of obligation, 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
2018	153,904	49,466	203,370	139,500	72,140	211,640	293,404	121,606	415,010
2019	123,427	44,614	168,041	142,400	68,655	211,055	265,827	113,269	379,096
2020	131,620	40,305	171,925	146,600	64,883	211,483	278,220	105,188	383,408
2021	131,776	35,844	167,620	149,500	61,020	210,520	281,276	96,864	378,140
2022	135,441	31,119	166,560	153,700	57,255	210,955	289,141	88,374	377,515
2023	118,349	26,375	144,724	159,350	52,752	212,102	277,699	79,127	356,826
2024	124,487	21,749	146,236	165,000	47,069	212,069	289,487	68,818	358,305
2025	105,091	17,278	122,369	170,650	41,229	211,879	275,741	58,507	334,248
2026	109,643	13,145	122,788	176,300	35,630	211,930	285,943	48,775	334,718
2027	103,684	9,116	112,800	181,950	29,730	211,680	285,634	38,846	324,480
2028	108,937	5,016	113,953	186,300	23,534	209,834	295,237	28,550	323,787
2029	10,567	2,755	13,322	193,400	17,005	210,405	203,967	19,760	223,727
2030	10,944	2,432	13,376	201,800	10,091	211,891	212,744	12,523	225,267
2031	11,133	2,101	13,234	104,500	4,944	109,444	115,633	7,045	122,678
2032	11,510	1,761	13,271	107,250	1,662	108,912	118,760	3,423	122,183
2033	11,887	1,403	13,290	-	-	-	11,887	1,403	13,290
2034	12,265	1,026	13,291	-	-	-	12,265	1,026	13,291
2035	12,642	628	13,270	-	-	-	12,642	628	13,270
2036	13,017	211	13,228	-	-	-	13,017	211	13,228
	<u>\$ 1,440,324</u>	<u>\$ 306,344</u>	<u>\$ 1,746,668</u>	<u>\$ 2,378,200</u>	<u>\$ 587,599</u>	<u>\$ 2,965,799</u>	<u>\$ 3,818,524</u>	<u>\$ 893,943</u>	<u>\$ 4,712,467</u>

**CITY OF GAINESVILLE, TEXAS**  
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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	General Obligation Bonds			
	Sep. 30,	Principal	Interest	Total
2018		34,546	2,879	37,425
2019		14,626	2,328	16,954
2020		15,934	1,944	17,878
2021		7,228	1,624	8,852
2022		7,463	1,367	8,830
2023		3,399	1,150	4,549
2024		3,516	1,011	4,527
2025		3,673	867	4,540
2026		3,829	751	4,580
2027		2,071	682	2,753
2028		2,110	630	2,740
2029		2,188	571	2,759
2030		2,266	504	2,770
2031		2,305	435	2,740
2032		2,383	364	2,747
2033		2,462	291	2,753
2034		2,540	212	2,752
2035		2,618	130	2,748
2036		2,696	44	2,740
		<u>\$ 117,853</u>	<u>\$ 14,603</u>	<u>\$ 110,888</u>

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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
2018	308,453	24,636	333,089
2019	129,650	19,822	149,472
2020	140,793	16,472	157,265
2021	60,939	13,694	74,633
2022	62,915	11,522	74,437
2023	28,658	9,691	38,349
2024	29,646	8,525	38,171
2025	30,964	7,313	38,277
2026	32,281	6,331	38,612
2027	17,458	5,749	23,207
2028	17,788	5,308	23,096
2029	18,446	4,809	23,255
2030	19,105	4,246	23,351
2031	19,435	3,668	23,103
2032	20,094	3,075	23,169
2033	20,752	2,450	23,202
2034	21,411	1,791	23,202
2035	22,070	1,097	23,167
2036	22,723	369	23,092
	<u>\$ 1,023,581</u>	<u>\$ 150,568</u>	<u>\$ 1,174,149</u>

**CITY OF GAINESVILLE, TEXAS**  
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**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
2018	8,498	1,347	9,845
2019	4,162	1,142	5,304
2020	4,806	1,011	5,817
2021	3,925	882	4,807
2022	4,053	742	4,795
2023	1,846	625	2,471
2024	1,909	549	2,458
2025	1,994	471	2,465
2026	2,079	408	2,487
2027	1,124	370	1,494
2028	1,146	342	1,488
2029	1,188	310	1,498
2030	1,231	274	1,505
2031	1,252	236	1,488
2032	1,294	198	1,492
2033	1,337	157	1,494
2034	1,379	115	1,494
2035	1,422	71	1,493
2036	1,463	24	1,487
	<u>\$ 46,108</u>	<u>\$ 9,274</u>	<u>\$ 55,382</u>

**3. Component Unit Long-Term Debt**

As of September 30, 2017, 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	1,826,826	238,196

	Balance 10/1/2016	Increase	Decrease	Balance 9/30/2017
Series 2014 Bond	<u>\$ 2,058,012</u>	<u>-</u>	<u>(231,186)</u>	<u>\$ 1,826,826</u>

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

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Fiscal Year	Principal	Interest	Total
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>\$1,826,826</u>	<u>\$678,858</u>	<u>\$2,505,684</u>

**4. Defeased Debt**

As of September 30, 2017, the following defeased bonds remain outstanding:

	<u>Amount</u>
Series 1998 CO	\$ 1,110,000
Series 1998 GO	275,000
Series 1999 CO	335,000
Series 2000 CO	405,000
Series 2001 CO	2,305,000
Series 2002 CO	390,000
Series 2002 GO	2,080,000
Series 2003 CO	915,000
Series 2005 GO	1,115,000
Series 2008 GO	280,000
Series 2007 GO	4,795,000

**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, 2017 was \$669,905 of which \$11,916 is considered as a current liability. The change in the postclosure care costs liability for the fiscal year ended September 30, 2017 was an increase of \$8,444.

**G. Compensated Absences**

The activity related to compensated absences is as follows:

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	Compensated Absences 10/1/2016	Earned	Used	Compensated Absences 9/30/2017	Current Portion
Governmental Funds	\$ 705,162	\$ 458,140	\$ 425,225	\$ 738,077	\$ 369,039
Proprietary Funds:					
Water & Sewer	45,348	26,677	19,122	52,903	26,452
Airport Fund	6,110	2,355	2,878	5,587	2,794
Stormwater Utility	701	-	130	571	286
Solid Waste	21,510	20,458	21,234	20,734	10,367
Golf Course	8,629	3,358	3,710	8,277	4,139
Component Unit	7,309	9,337	5,810	10,836	5,418
	<u>\$ 794,769</u>	<u>\$ 520,325</u>	<u>\$ 478,109</u>	<u>\$ 836,985</u>	<u>\$ 418,493</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.

**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 \$8,892,045 at September 30, 2017.

**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 2016 GO Bond fund is classified as restricted for construction. A portion of this fund balance is unspent bond proceeds. The 2014 GO Bond fund is classified as restricted for construction. A portion of this fund balance is unspent bond proceeds.

**Other Funds**

The fund balances of the Hotel/Motel Fund, Municipal Court Technology, Municipal Court Security, Juvenile Case Manager, Cable Peg Fee, Federal Seizure, Law Officer Education, 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, Assigned Projects, Hospital Demolition 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.

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

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Capital assets net of accumulated depreciation		\$ 19,193,831
Deferred Loss on Refunding		51,183
Less: Bonds & leases payable	\$ (18,295,412)	
Add back unspent bond funds	<u>3,379,273</u>	<u>(14,916,139)</u>
Net investment in capital assets		<u>\$ 4,328,875</u>

**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, 2017, 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 2017, 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.

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

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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, 2017, the City paid \$714,809 to GTUA in accordance with these contracts.

The audited financial statements of the year ended September 30, 2017, for GTUA, issued by the GTUA's independent auditors, reflected total assets for the City projects as \$9,247,792, deferred outflows of resources of \$58,149, liabilities of 7,642,411, and total net position of \$1,663,530. Additionally, total revenues and expenses for the City's projects were \$721,468 and \$1,078,080, respectively. Revenues, as reported, included investment income of \$12,729.

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, 2017, was \$190,000.

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, 2017 was \$3,605,000.

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, 2017 was \$1,795,000.

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, 2017 was \$945,000.

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, 2017 was \$1,005,000.

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

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Fiscal Years Ending September 30,	Principal	Interest	Amount
2018	545,000	152,629	697,629
2019	550,000	143,937	693,937
2020	555,000	135,403	690,403
2021	560,000	126,893	686,893
2022	570,000	116,376	686,376
2023-2027	2,305,000	423,556	2,728,556
2028-2032	2,385,000	160,301	2,545,301
2033	70,000	652	70,652
	<u>\$ 7,540,000</u>	<u>\$ 1,259,747</u>	<u>\$ 8,799,747</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, 2017, 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, 2017, 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:

Fiscal Years Ending September 30,	Principal	Interest	Amount
2018	214,920	64,338	279,258
2019	220,320	62,198	282,518
2020	225,720	59,588	285,308
2021	232,200	56,318	288,518
2022	237,600	52,406	290,006
2023-2027	1,279,800	188,146	1,467,946
2028-2030	813,240	39,776	853,016
	<u>\$ 3,223,800</u>	<u>\$ 522,770</u>	<u>\$ 3,746,570</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.4. for additional details of this contract.

**D. Commitments**

**1. Construction Commitments**

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

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Vendor	Project	Contract	Expended to Date	Balance of Commitment
Lynn Vessels Construction	Sump Bond Package H	4,309,067	2,971,633	1,337,434
Lynn Vessels Construction	Sump Bond Package J	802,666	730,850	71,816
HDR Engineering Inc	Golf Course Water Rights	21,000	13,607	7,393
HDR Engineering Inc	Pecan Creek Rehab	47,000	39,000	8,000
HDR Engineering Inc	Elevated Water Tower Gateway	226,900	72,444	154,456
Kimley Horn	Sump Bond Package H	571,500	552,238	19,262
Kimley Horn	Sump Bond Package J	168,000	128,252	39,748
Gracon Construction	Waste Water Treatment Plant Phase 2	11,477,995	5864784	5,613,211

**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	Commitment	Expended to Date	Balance of Commitment
Granite, BHF	\$ 800,000	\$ 50,000	\$ 750,000
Industrial Park Land	150,000	21,173	128,827
Trident Process Systems, LLC	410,000	192,700	217,300

**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 \$54,501. Minimum future annual requirements are as follows:

Year Ended	Amount
2018	54,501
2019	54,501
2020	54,501
2021	23,618
2022	-
Total	<u>\$ 187,121</u>

**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.

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**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.

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, 2017, was \$12,195,000. Financial statements and other information may be obtained by contacting TASWA's business office, P.O. Box 249, Whitesboro, Texas 76273.

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**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, 2017 and the pension expense for the year ended is as follows:

	TMRS	TESRS	Total
Net pension liability	\$ 7,639,496	\$ 10,195	\$ 7,649,691
Deferred outflows of resources	2,563,016	2,163	2,565,179
Deferred inflows of resources	41,517	-	41,517

**1. Texas Municipal Retirement System**

**A. Plan Description**

The City of Gainesville participates as one of 872 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.tmr.com](http://www.tmr.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.

***Employees covered by benefit terms.***

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	2016
Inactive employees or beneficiaries currently receiving benefits	139
Inactive employees entitled to but not yet receiving benefits	90
Active Employees	215
	444

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**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 9.52% and 9.79% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017 were \$1,048,344, and were equal to the required contributions.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, 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 Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
<b>Total</b>	<b>100.0%</b>	

***Discount Rate***

The discount rate used to measure the Total Pension Liability was 6.75%. 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 12/31/2015	\$ 40,074,586	\$ 32,470,445	\$ 7,604,141
Changes for the year:			
Service Cost	1,032,475	-	1,032,475
Interest	2,675,417	-	2,675,417
Difference between expected and actual expense	17,839	-	17,839
Changes of assumptions	-	-	-
Contributions-employer	-	991,986	(991,986)
Contributions-employees	-	532,753	(532,753)
Net investment income	-	2,191,755	(2,191,755)
Benefit payments, including refunds of employee contributions	(1,907,792)	(1,907,792)	-
Administrative expense	-	(24,783)	24,783
Other changes	-	(1,335)	1,335
Net change	1,817,939	1,782,584	35,355
Balance at 12/31/2016	\$ 41,892,525	\$ 34,253,029	\$ 7,639,496

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

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	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	\$ 13,723,068	\$ 7,639,496	\$ 2,685,003

***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.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2017. The city recognized pension expense of \$1,444,258.

At September 30, 2017, 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	\$ 1,797,124	\$ -
Changes in actuarial assumptions	-	41,517
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	765,892	-
Total	\$ 2,563,016	\$ 41,517

\$765,892 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2018	\$ 230,833
2019	230,833
2020	245,170
2021	249,451
2022	249,451
Thereafter	549,869

**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. The System issues a stand-alone financial report that is available to the public at [www.tesrs.org](http://www.tesrs.org).

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, 2016, there were 199

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contributing fire and/or emergency services department members participating in TESRS. Eligible 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, 2017, total contributions (dues, prior service, and interest on prior service financing) of \$5,012,132 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,583,825 for the fiscal year ending August 31, 2017.

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, 2017 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 \$725,000 each year to pay for part of the System's administrative expenses.

The City's contribution for 2017, 2016 and 2015 was \$1,872, \$1,188 and \$864 respectively.

**D. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of August 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

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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 2024 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 (currently 4.97%) and by adding expected inflation (3.0%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflected a reduction of 0.22% for adverse deviation. The target allocation and expected arithmetic real rates of return 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%	5.72%
Small cap domestic	10.0%	5.96%
Developed international	21.0%	6.21%
Emerging markets	6.0%	7.18%
Master limited partnership	5.0%	7.61%
Fixed Income		
Domestic	21.0%	1.61%
International	5.0%	1.81%
Cash	0.0%	0.00%
Total	<u>100.0%</u>	
Weighted Average		4.97%

***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 7.75, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease in Discount Rate 6.75%</u>	<u>Discount Rate 7.75%</u>	<u>1% Increase in Discount Rate 8.75%</u>
City's net pension liability	\$ <u>15,687</u>	\$ <u>10,195</u>	\$ <u>3,804</u>

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***Changes in Net Pension Liability***

	Increase (Decrease)
	Total Pension Liability
Balance at 08/31/2016	\$ 4,805
Changes for the year:	
Service Cost	4,375
Interest	3,116
Projected earnings on pension plan investments	(2,414)
Amortization of differences between projected and actual earnings on plan investments	566
Administrative expense	(253)
Net change	5,390
Balance at 08/31/2017	\$ 10,195

***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](http://www.tesrs.org).

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

At September 30, 2017, 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	\$ 2,163	\$ -

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,			
2018	\$	566	
2019		566	
2020		895	
Thereafter		136	

**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.

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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
2015	0.07%	0.07%	100%
2016	0.07%	0.07%	100%
2017	0.07%	0.07%	100%

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

Year	City Contribution
2015	24,581
2016	23,214
2017	21,877

**J. Tax Abatements**

The City has entered into property tax abatement agreements with local businesses under the Property Redevelopment and Tax Abatement Act, Chapter 312, V.T.C.A, Tax Code. Localities may grant property tax abatements of up to 50% of a business' property tax bill for attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the service area of the City. For the fiscal year ended September 30, 2017, the City abated property taxes totaling \$722,195 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 50% property tax abatement to a company to stimulate investment and economic development. The abatement amounted to \$72,817.
- A 50% property tax abatement to an oil well service company to stimulate investment and economic development. The tax abatement amounted to \$622,291.

**K. Subsequent Events**

The Texas Comptroller of Public Accounts, Tax Allocation Section contacted the City regarding sales tax credits for two different taxpayers for taxes they paid in error on nontaxable items. The original amount due from the City was presented as \$3,520,615. This liability has not been recorded because the City is auditing the amount due. As of the date the financial statements became available for issue, the amount due has not been finalized. When the liability is agreed upon, the payment will be made from the General Fund.

The City's management has evaluated subsequent events through March 14, 2017, the date which the financial statements were available for issue.



## Required Supplemental Information

**CITY OF GAINESVILLE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 4,382,224	\$ 4,400,559	\$ 4,501,782	\$ 101,223
Sales Taxes	5,129,200	5,046,122	5,403,311	357,189
Franchise Fees	1,315,621	1,252,320	1,206,315	(46,005)
Mixed Beverage Tax	33,207	33,207	34,565	1,358
Service Charges	997,000	979,200	1,060,894	81,694
License & Permits	192,850	202,520	423,634	221,114
Fines & Forfeitures	426,525	427,828	371,232	(56,596)
Investment Income	12,000	43,525	66,184	22,659
Intergovernmental Revenues	-	34,452	88,878	54,426
Donations	-	-	41,955	41,955
Other Income	112,470	123,818	336,617	212,799
<b>TOTAL REVENUES</b>	<u>12,601,097</u>	<u>12,543,551</u>	<u>13,535,367</u>	<u>991,816</u>
<b>EXPENDITURES:</b>				
Current				
General Government				
Administration	492,276	496,582	471,846	24,736
Human Resources	187,385	189,412	185,469	3,943
Main Street Operations	43,890	43,897	20,090	23,807
Information Technology	213,403	210,421	212,197	(1,776)
Building Operations	68,724	61,137	54,405	6,732
Public Assistance Programs	93,450	89,450	83,200	6,250
Municipal Court	253,670	254,731	248,180	6,551
Civic Center Operations	226,731	232,273	193,201	39,072
Total General Government	<u>1,579,529</u>	<u>1,577,903</u>	<u>1,468,588</u>	<u>109,315</u>
Community Development				
Planning and Zoning	139,589	154,043	146,821	7,222
Inspections	349,173	345,273	345,612	(339)
Total Community Development	<u>488,762</u>	<u>499,316</u>	<u>492,433</u>	<u>6,883</u>
Finance	464,256	474,216	455,004	19,212
Public Safety				
Police	4,760,279	4,747,630	4,587,877	159,753
Emergency Management	42,785	41,285	27,505	13,780
Fire	3,705,548	3,715,513	3,790,241	(74,728)
Total Public Safety	<u>8,508,612</u>	<u>8,504,428</u>	<u>8,405,623</u>	<u>98,805</u>
Public Works				
Administration	71,860	72,951	71,759	1,192
Street Maintenance	952,972	935,283	821,707	113,576
Central Garage	202,466	199,776	172,933	26,843
Parks and Recreation Operations	977,243	887,880	798,144	89,736
Zoo Operations	1,207,588	1,214,781	1,212,993	1,788
Cemetery Operations	276,572	266,016	242,154	23,862
Total Public Works	<u>3,688,701</u>	<u>3,576,687</u>	<u>3,319,690</u>	<u>256,997</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, 2017**  
(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	413,197	452,962	397,759	55,203
<b>TOTAL EXPENDITURES</b>	<u>15,143,057</u>	<u>15,085,512</u>	<u>14,539,097</u>	<u>546,415</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,541,960)</u>	<u>(2,541,961)</u>	<u>(1,003,730)</u>	<u>1,538,231</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Funds Transferred In	2,860,341	2,860,341	2,830,341	(30,000)
Funds Transferred Out	(268,380)	(268,380)	(330,459)	(62,079)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,591,961</u>	<u>2,591,961</u>	<u>2,499,882</u>	<u>(92,079)</u>
<b>NET CHANGE IN FUND BALANCES</b>	50,001	50,000	1,496,152	1,446,152
<b>FUND BALANCE - October 1</b>	7,403,837	7,403,837	7,403,837	-
<b>FUND BALANCE - September 30</b>	<u>\$ 7,453,838</u>	<u>\$ 7,453,837</u>	<u>\$ 8,899,989</u>	<u>\$ 1,446,152</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, 2017**

	Plan Year Ended December 31,		
	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 1,032,475	\$ 983,604	\$ 904,131
Interest (on the total pension liability)	2,675,417	2,667,580	2,583,710
Changes of benefit terms	-	-	-
Difference between expected and actual experience	17,839	(96,053)	(277,847)
Change of assumptions	-	(78,753)	-
Benefit payments, including refunds of employee contributions	(1,907,792)	(2,036,560)	(2,066,593)
<b>Net Change in Total Pension Liability</b>	<u>1,817,939</u>	<u>1,439,818</u>	<u>1,143,401</u>
<b>Total Pension Liability - Beginning</b>	40,074,586	38,634,768	37,491,367
<b>Total Pension Liability - Ending</b>	<u>\$ 41,892,525</u>	<u>\$ 40,074,586</u>	<u>\$ 38,634,768</u>
<b>Plan Fiduciary Net Pension</b>			
Contributions - employer	\$ 991,986	\$ 1,006,406	\$ 1,106,406
Contributions - employee	532,753	518,232	524,860
Net investment income	2,191,755	48,641	1,808,335
Benefit payments, including refunds of employee contributions	(1,907,792)	(2,036,560)	(2,066,593)
Administrative expense	(24,783)	(29,628)	(18,881)
Other	(1,335)	(1,463)	(1,552)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,782,584</u>	<u>(494,372)</u>	<u>1,352,575</u>
<b>Plan Fiduciary Net Position - Beginning</b>	32,470,445	32,964,817	31,612,242
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 34,253,029</u>	<u>\$ 32,470,445</u>	<u>\$ 32,964,817</u>
<b>Net Pension Liability - Ending</b>	<u>\$ 7,639,496</u>	<u>\$ 7,604,141</u>	<u>\$ 5,669,951</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	81.76%	81.03%	85.32%
<b>Covered Employee Payroll</b>	\$ 10,655,057	\$ 10,364,634	\$ 10,295,465
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	71.70%	73.37%	55.07%

**CITY OF GAINESVILLE, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS-TMRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Fiscal Year Ended September 30		
	2017	2016	2015
Actuarially determined contribution	1,048,344	1,024,989	1,047,978
Contributions in relation to actuarially determined contribution	<u>(1,048,344)</u>	<u>(1,024,989)</u>	<u>(1,047,978)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,790,139	\$ 10,364,634	\$ 10,295,465
Contributions as a percentage of covered employee payroll	9.72%	9.89%	10.18%

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO SCHEDULE OF CONTRIBUTIONS-TMRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**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	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
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, 2017**

	Plan Year Ended August 31,		
	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 593	\$ 305	\$ 347
Interest (on the total pension liability)	3,116	1,525	1,530
Changes of benefit terms	253	-	-
Difference between expected and actual experience	23	-	-
Change of assumptions	19,950	(1,098)	-
Benefit payments, including refunds of employee contributions	(1,646)	(810)	(792)
<b>Net Change in Total Pension Liability</b>	<u>22,289</u>	<u>(78)</u>	<u>1,085</u>
<b>Total Pension Liability - Beginning</b>	<u>20,794</u>	<u>20,872</u>	<u>19,787</u>
<b>Total Pension Liability - Ending</b>	<u>\$ 43,083</u>	<u>\$ 20,794</u>	<u>\$ 20,872</u>
<b>Plan Fiduciary Net Pension</b>			
Contributions - employer	\$ 1,212	\$ 633	\$ 794
Contributions - employee	554	295	291
Net investment income	1,735	(593)	2,263
Benefit payments, including refunds of employee contributions	(1,646)	(810)	(792)
Administrative expense	(56)	(39)	(33)
Other	15,100	(917)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>16,899</u>	<u>(1,431)</u>	<u>2,523</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>15,989</u>	<u>17,420</u>	<u>14,896</u>
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 32,888</u>	<u>\$ 15,989</u>	<u>\$ 17,419</u>
<b>Net Pension Liability - Ending</b>	<u>\$ 10,195</u>	<u>\$ 4,805</u>	<u>\$ 3,453</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	76.34%	76.89%	83.46%

**CITY OF GAINESVILLE, TEXAS  
 SCHEDULE OF CONTRIBUTIONS-TESRS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Fiscal Year Ended September 30</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	<u>1,872</u>	<u>1,188</u>	<u>864</u>
Contributions in relation to actuarially determined contribution	<u>1,872</u>	<u>1,188</u>	<u>864</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO SCHEDULE OF CONTRIBUTIONS-TESRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Valuation Date**                      August 31, 2016

**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	3.0%
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 2024 by scale AA



## Combining Financial Statements

**CITY OF GAINESVILLE, TEXAS  
COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	REVENUE FUNDS									
	MUNICIPAL COURT TECHNOLOGY	MUNICIPAL COURT SECURITY	HOTEL/ MOTEL	LAW ENFORCEMENT EDUCATION	G.I.V.E.	JUVENILE CASE MANAGER	HOSPITAL DEMOLITON	CITY ATHLETIC FIELDS	FLOOD REPAIRS	CABLE PEG FEE FUND
<b>ASSETS:</b>										
Cash	\$ 12,407	\$ 12,141	\$ 629,697	\$ -	\$ 503	\$ 17,285	\$ 1,565,111	\$ 19,792	\$ 153,750	\$ 111,456
Investments	-	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-
Other	-	-	62,085	-	68	-	-	-	-	6,699
Inventory	-	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,407</b>	<b>\$ 12,141</b>	<b>\$ 691,782</b>	<b>\$ -</b>	<b>\$ 571</b>	<b>\$ 17,285</b>	<b>\$ 1,565,111</b>	<b>\$ 19,792</b>	<b>\$ 153,750</b>	<b>\$ 118,155</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES:</b>										
Accounts Payable	\$ 920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payable	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>										
<b>Nonspendable:</b>										
Cemetery	-	-	-	-	-	-	-	-	-	-
<b>Restricted:</b>										
Construction	-	-	-	-	-	-	-	-	-	-
Tourism and the Arts	-	-	691,782	-	-	-	-	-	-	-
Other	11,487	12,141	-	-	-	-	-	-	-	118,155
<b>Assigned:</b>										
Stanford House	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	1,565,111	-	153,750	-
Other	-	-	-	-	571	-	-	19,792	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUND BALANCES</b>	<b>11,487</b>	<b>12,141</b>	<b>691,782</b>	<b>-</b>	<b>571</b>	<b>17,285</b>	<b>1,565,111</b>	<b>19,792</b>	<b>153,750</b>	<b>118,155</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,407</b>	<b>\$ 12,141</b>	<b>\$ 691,782</b>	<b>\$ -</b>	<b>\$ 571</b>	<b>\$ 17,285</b>	<b>\$ 1,565,111</b>	<b>\$ 19,792</b>	<b>\$ 153,750</b>	<b>\$ 118,155</b>

**CITY OF GAINESVILLE, TEXAS  
COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	SPECIAL REVENUE FUNDS		CONSTRUCTION PROJECTS FUNDS		PERMANENT FUNDS		
	FEDERAL SEIZURE FUND	STATE SEIZURE FUND	CONSTRUCTION PROJECTS FUND	ASSIGNED PROJECTS FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	TOTAL
<b>ASSETS:</b>							
Cash	\$ 2,995	\$ 31,014	\$ 1,381,920	\$ 2,519,604	\$ 1,511,950	\$ 10,804	\$ 7,980,429
Investments	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	68,852
Interfund Receivables	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,995</u>	<u>\$ 31,014</u>	<u>\$ 1,381,920</u>	<u>\$ 2,519,604</u>	<u>\$ 1,511,950</u>	<u>\$ 10,804</u>	<u>\$ 8,049,281</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts Payable	\$ -	\$ -	\$ 38,518	\$ -	\$ -	\$ -	\$ 39,438
Interfund Payable	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>38,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,438</u>
<b>FUND BALANCES:</b>							
<b>Nonspendable:</b>							
Cemetery	-	-	-	-	1,511,950	-	1,511,950
<b>Restricted:</b>							
Construction	-	-	-	-	-	-	-
Tourism and the Arts	-	-	-	-	-	-	-
Other	2,995	31,014	-	-	-	-	691,782
<b>Assigned:</b>							
Construction	-	-	1,343,402	-	-	10,804	203,881
Other	-	-	-	2,519,604	-	-	3,062,263
<b>Unassigned</b>	-	-	-	-	-	-	2,539,967
<b>TOTAL FUND BALANCES</b>	<u>2,995</u>	<u>31,014</u>	<u>1,343,402</u>	<u>2,519,604</u>	<u>1,511,950</u>	<u>10,804</u>	<u>8,009,843</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,995</u>	<u>\$ 31,014</u>	<u>\$ 1,381,920</u>	<u>\$ 2,519,604</u>	<u>\$ 1,511,950</u>	<u>\$ 10,804</u>	<u>\$ 8,049,281</u>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	MUNICIPAL COURT TECH.	MUNICIPAL COURT SECURITY	HOTEL/ MOTEL	LAW ENFORCEMENT EDUCATION	G.I.V.E.	JUVENILE CASE MANAGER	HOSPITAL DEMOLITON	CITY ATHLETIC FIELDS	FLOOD REPAIRS	CABLE PEG FEE FUND
<b>REVENUES</b>										
Taxes:										
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	655,152	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	-	-	-	-
License & Permits	-	-	-	-	-	-	17,063	-	-	27,688
Fines & Forfeitures	12,318	9,231	-	-	-	18,377	-	-	-	-
Investment Income	54	56	3,761	1	5	124	10,721	105	758	442
Intergovernmental Revenues	-	-	-	3,092	-	-	-	-	-	-
Other Income	-	-	-	-	1,577	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>12,372</b>	<b>9,287</b>	<b>658,913</b>	<b>3,093</b>	<b>1,582</b>	<b>18,501</b>	<b>10,721</b>	<b>17,168</b>	<b>758</b>	<b>28,130</b>
<b>EXPENDITURES</b>										
Current:										
General Government	-	-	188,452	-	1,012	-	12,835	-	-	699
Community Development	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	6,966	2,467	-	4,394	-	853	-	-	-	-
Public Works	-	-	-	-	-	-	-	12,935	74,620	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	1,408	-	-	-	-	17,062	-	2,255
<b>TOTAL EXPENDITURES</b>	<b>6,966</b>	<b>2,467</b>	<b>189,860</b>	<b>4,394</b>	<b>1,012</b>	<b>853</b>	<b>12,835</b>	<b>29,997</b>	<b>74,620</b>	<b>2,954</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,406</b>	<b>6,820</b>	<b>469,053</b>	<b>(1,301)</b>	<b>570</b>	<b>17,648</b>	<b>(2,114)</b>	<b>(12,829)</b>	<b>(73,862)</b>	<b>25,176</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Funds Transferred In	-	-	-	-	-	-	-	96	-	-
Funds Transferred Out	-	-	(390,981)	-	(96)	(12,600)	-	-	(39,444)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(390,981)</b>	<b>-</b>	<b>(96)</b>	<b>(12,600)</b>	<b>-</b>	<b>96</b>	<b>(39,444)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,406</b>	<b>6,820</b>	<b>78,072</b>	<b>(1,301)</b>	<b>474</b>	<b>5,048</b>	<b>(2,114)</b>	<b>(12,733)</b>	<b>(113,306)</b>	<b>25,176</b>
<b>FUND BALANCE - October 1</b>	<b>6,081</b>	<b>5,321</b>	<b>613,710</b>	<b>1,301</b>	<b>97</b>	<b>12,237</b>	<b>1,567,225</b>	<b>32,525</b>	<b>267,056</b>	<b>92,979</b>
<b>FUND BALANCE - September 30</b>	<b>\$ 11,487</b>	<b>\$ 12,141</b>	<b>\$ 691,782</b>	<b>\$ -</b>	<b>\$ 571</b>	<b>\$ 17,285</b>	<b>\$ 1,565,111</b>	<b>\$ 19,792</b>	<b>\$ 153,750</b>	<b>\$ 118,155</b>

**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	CONSTRUCTION PROJECTS FUND	ASSIGNED PROJECTS FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
<b>REVENUES</b>							
Taxes:							
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	655,152
License & Permits	-	-	-	-	-	-	17,063
Fines & Forfeitures	-	-	-	-	-	-	27,688
Investment Income	17	150	9,524	15,917	-	-	39,926
Intergovernmental Revenues	-	-	-	-	10,269	78	51,982
Other Income	-	12,007	13,421	-	-	-	3,092
<b>TOTAL REVENUES</b>	<u>17</u>	<u>12,157</u>	<u>22,945</u>	<u>15,917</u>	<u>47,939</u>	<u>78</u>	<u>859,578</u>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	48,107	-	-	-
Community Development	-	-	-	-	-	-	251,105
Finance	-	-	-	-	-	-	-
Public Safety	-	4,813	3,316	-	-	-	-
Public Works	-	-	660	-	-	-	22,809
Debt Service:							88,215
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-
Capital Outlay	-	-	1,004,958	279,169	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>4,813</u>	<u>1,008,934</u>	<u>327,276</u>	<u>-</u>	<u>-</u>	<u>1,304,852</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>17</u>	<u>7,344</u>	<u>(985,989)</u>	<u>(311,359)</u>	<u>47,939</u>	<u>78</u>	<u>(807,403)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Funds Transferred In	-	-	374,024	-	-	-	-
Funds Transferred Out	-	-	(110,255)	(24,000)	(3,750)	-	374,120
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>263,769</u>	<u>(24,000)</u>	<u>(3,750)</u>	<u>-</u>	<u>(581,126)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>17</u>	<u>7,344</u>	<u>(722,220)</u>	<u>(335,359)</u>	<u>44,189</u>	<u>78</u>	<u>(1,014,409)</u>
<b>FUND BALANCE - October 1</b>	<u>2,978</u>	<u>23,670</u>	<u>2,065,622</u>	<u>2,854,963</u>	<u>1,467,761</u>	<u>10,726</u>	<u>9,024,252</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 2,995</u>	<u>\$ 31,014</u>	<u>\$ 1,343,402</u>	<u>\$ 2,519,604</u>	<u>\$ 1,511,950</u>	<u>\$ 10,804</u>	<u>\$ 8,009,843</u>



**Budgetary Comparison Schedules**  
Major Governmental Funds

**CITY OF GAINESVILLE, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 2,405,969	\$ 2,409,669	\$ 2,515,743	\$ 106,074
Investment Income	2,500	3,800	10,349	6,549
Other Income	11,160	11,160	19,080	7,920
<b>TOTAL REVENUES</b>	<u>2,419,629</u>	<u>2,424,629</u>	<u>2,545,172</u>	<u>120,543</u>
<b>EXPENDITURES</b>				
Current:				
General Government	101,500	106,500	99,210	7,290
Debt Service				
Principal Retirement	1,379,709	1,379,709	1,379,709	-
Interest and Fiscal Charges	724,491	724,491	724,489	2
<b>TOTAL EXPENDITURES</b>	<u>2,205,700</u>	<u>2,210,700</u>	<u>2,203,408</u>	<u>7,292</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>213,929</u>	<u>213,929</u>	<u>341,764</u>	<u>127,835</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	163,307	163,307	163,307	-
Funds Transferred Out	(377,236)	(377,236)	(377,286)	(50)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(213,929)</u>	<u>(213,929)</u>	<u>(213,979)</u>	<u>(50)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	-	127,785	127,785
<b>FUND BALANCE - October 1</b>	<u>1,244,098</u>	<u>1,244,098</u>	<u>1,244,098</u>	-
<b>FUND BALANCE - September 30</b>	<u>\$ 1,244,098</u>	<u>\$ 1,244,098</u>	<u>\$ 1,371,883</u>	<u>\$ 127,785</u>

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



**Budgetary Comparison Schedules**  
Nonmajor Governmental Funds

**CITY OF GAINESVILLE, TEXAS**  
**ASSIGNED PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Investment Income	2,000	8,000	15,917	7,917
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>2,000</u>	<u>8,000</u>	<u>15,917</u>	<u>7,917</u>
<b>EXPENDITURES</b>				
Current:				
General Government	100,000	100,000	48,107	51,893
Capital Outlay	191,276	303,169	279,169	24,000
<b>Total EXPENDITURES</b>	<u>291,276</u>	<u>403,169</u>	<u>327,276</u>	<u>75,893</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(289,276)</u>	<u>(395,169)</u>	<u>(311,359)</u>	<u>83,810</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	(24,000)	(24,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(24,000)</u>	<u>(24,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(289,276)</u>	<u>(395,169)</u>	<u>(335,359)</u>	<u>59,810</u>
<b>FUND BALANCE - October 1</b>	<u>2,854,963</u>	<u>2,854,963</u>	<u>2,854,963</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 2,565,687</u>	<u>\$ 2,459,794</u>	<u>\$ 2,519,604</u>	<u>\$ 59,810</u>

**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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Fines & Forfeitures	\$ 14,000	\$ 13,000	\$ 12,318	\$ (682)
Investment Income	22	22	54	32
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>14,022</u>	<u>13,022</u>	<u>12,372</u>	<u>(650)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	<u>12,900</u>	<u>12,900</u>	<u>6,966</u>	<u>5,934</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,122</u>	<u>122</u>	<u>5,406</u>	<u>5,284</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	1,122	122	5,406	5,284
<b>FUND BALANCE - October 1</b>	<u>6,081</u>	<u>6,081</u>	<u>6,081</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 7,203</u>	<u>\$ 6,203</u>	<u>\$ 11,487</u>	<u>\$ 5,284</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Fines & Forfeitures	\$ 10,650	\$ 10,000	\$ 9,231	\$ (769)
Investment Income	15	25	56	31
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>10,665</u>	<u>10,025</u>	<u>9,287</u>	<u>(738)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	2,900	2,900	2,467	433
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,900</u>	<u>2,900</u>	<u>2,467</u>	<u>433</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,765</u>	<u>7,125</u>	<u>6,820</u>	<u>(305)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>7,765</u>	<u>7,125</u>	<u>6,820</u>	<u>(305)</u>
<b>FUND BALANCE - October 1</b>	<u>5,321</u>	<u>5,321</u>	<u>5,321</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 13,086</u>	<u>\$ 12,446</u>	<u>\$ 12,141</u>	<u>\$ (305)</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Other Local Taxes	\$ 600,010	\$ 615,500	\$ 655,152	\$ 39,652
Investment Income	840	3,600	3,761	161
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>600,850</u>	<u>619,100</u>	<u>658,913</u>	<u>39,813</u>
<b>EXPENDITURES</b>				
Current:				
General Government	198,000	195,640	188,452	7,188
Capital Outlay	20,000	1,408	1,408	-
<b>TOTAL EXPENDITURES</b>	<u>218,000</u>	<u>197,048</u>	<u>189,860</u>	<u>7,188</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>382,850</u>	<u>422,052</u>	<u>469,053</u>	<u>47,001</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(390,981)	(390,981)	(390,981)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(390,981)</u>	<u>(390,981)</u>	<u>(390,981)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(8,131)	31,071	78,072	47,001
<b>FUND BALANCE - October 1</b>	<u>613,710</u>	<u>613,710</u>	<u>613,710</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 605,579</u>	<u>\$ 644,781</u>	<u>\$ 691,782</u>	<u>\$ 47,001</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	1	1	1	-
Other Income	3,115	3,092	3,092	-
<b>TOTAL REVENUES</b>	<u>3,116</u>	<u>3,093</u>	<u>3,093</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	3,116	4,394	4,394	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>3,116</u>	<u>4,394</u>	<u>4,394</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(1,301)</u>	<u>(1,301)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>-</u>	<u>(1,301)</u>	<u>(1,301)</u>	<u>-</u>
<b>FUND BALANCE - October 1</b>	<u>1,301</u>	<u>1,301</u>	<u>1,301</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 1,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017**

	<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>		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Investment Income	1	1	5	4
Other Income	1,871	1,590	1,577	(13)
<b>TOTAL REVENUES</b>	<u>1,872</u>	<u>1,591</u>	<u>1,582</u>	<u>(9)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	<u>1,872</u>	<u>1,655</u>	<u>1,012</u>	<u>643</u>
<b>EXCESS (DEFICIENCY) OF</b> <b>REVENUES OVER (UNDER)</b> <b>EXPENDITURES</b>	<u>-</u>	<u>(64)</u>	<u>570</u>	<u>634</u>
<b>OTHER FINANCING</b> <b>SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	(96)	(96)
<b>TOTAL OTHER FINANCING</b> <b>SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(96)</u>	<u>(96)</u>
<b>EXCESS (DEFICIENCY) OF</b> <b>REVENUES AND OTHER</b> <b>FINANCING SOURCES</b> <b>OVER (UNDER) EXPENDITURES</b> <b>AND OTHER FINANCING USES</b>	<u>-</u>	<u>(64)</u>	<u>474</u>	<u>538</u>
<b>FUND BALANCE - October 1</b>	<u>97</u>	<u>97</u>	<u>97</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 97</u>	<u>\$ 33</u>	<u>\$ 571</u>	<u>\$ 538</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Fines & Forfeitures	\$ 17,500	\$ 18,000	\$ 18,377	\$ 377
Investment Income	30	45	124	79
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>17,530</u>	<u>18,045</u>	<u>18,501</u>	<u>456</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,000	600	853	(253)
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,000</u>	<u>600</u>	<u>853</u>	<u>(253)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>16,530</u>	<u>17,445</u>	<u>17,648</u>	<u>203</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(12,600)	(12,600)	(12,600)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(12,600)</u>	<u>(12,600)</u>	<u>(12,600)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	3,930	4,845	5,048	203
<b>FUND BALANCE - October 1</b>	<u>12,237</u>	<u>12,237</u>	<u>12,237</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 16,167</u>	<u>\$ 17,082</u>	<u>\$ 17,285</u>	<u>\$ 203</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Charges for Services	\$ 23,000	\$ 19,200	\$ 17,063	\$ (2,137)
Investment income	75	75	105	30
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>23,075</u>	<u>19,275</u>	<u>17,168</u>	<u>(2,107)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	20,000	32,941	12,935	20,006
Capital Outlay	-	17,063	17,062	1
<b>TOTAL EXPENDITURES</b>	<u>20,000</u>	<u>50,004</u>	<u>29,997</u>	<u>20,007</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,075</u>	<u>(30,729)</u>	<u>(12,829)</u>	<u>17,900</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds transferred in	-	-	96	96
Funds transferred (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>3,075</u>	<u>(30,729)</u>	<u>(12,733)</u>	<u>17,996</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>32,525</u>	<u>32,525</u>	<u>32,525</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 35,600</u>	<u>\$ 1,796</u>	<u>\$ 19,792</u>	<u>\$ 17,996</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
License & Permits	\$ 28,362	\$ 22,000	\$ 27,688	\$ 5,688
Investment Income	250	200	442	242
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>28,612</u>	<u>22,200</u>	<u>28,130</u>	<u>5,930</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	699	699	-
Capital Outlay	15,000	14,301	2,255	12,046
<b>TOTAL EXPENDITURES</b>	<u>15,000</u>	<u>15,000</u>	<u>2,954</u>	<u>12,046</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,612</u>	<u>7,200</u>	<u>25,176</u>	<u>17,976</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>13,612</u>	<u>7,200</u>	<u>25,176</u>	<u>17,976</u>
<b>FUND BALANCE - October 1</b>	<u>92,979</u>	<u>92,979</u>	<u>92,979</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 106,591</u>	<u>\$ 100,179</u>	<u>\$ 118,155</u>	<u>\$ 17,976</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	8	14	17	3
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>8</u>	<u>14</u>	<u>17</u>	<u>3</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>8</u>	<u>14</u>	<u>17</u>	<u>3</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds transferred in	-	-	-	-
Funds transferred (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	8	14	17	3
<b>FUND BALANCE -OCTOBER 1</b>	<u>2,978</u>	<u>2,978</u>	<u>2,978</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 2,986</u>	<u>\$ 2,992</u>	<u>\$ 2,995</u>	<u>\$ 3</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	50	130	150	20
Other income	-	8,706	12,007	3,301
<b>TOTAL REVENUES</b>	<u>50</u>	<u>8,836</u>	<u>12,157</u>	<u>3,321</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,500	6,450	4,813	1,637
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,500</u>	<u>6,450</u>	<u>4,813</u>	<u>1,637</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,450)</u>	<u>2,386</u>	<u>7,344</u>	<u>4,958</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds transferred in	-	-	-	-
Funds transferred (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,450)</u>	<u>2,386</u>	<u>7,344</u>	<u>4,958</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>23,670</u>	<u>23,670</u>	<u>23,670</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 22,220</u>	<u>\$ 26,056</u>	<u>\$ 31,014</u>	<u>\$ 4,958</u>

**CITY OF GAINESVILLE, TEXAS  
HOSPITAL DEMOLITION  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	-	6,700	10,721	4,021
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>6,700</u>	<u>10,721</u>	<u>4,021</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	12,836	12,835	1
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>12,836</u>	<u>12,835</u>	<u>1</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(6,136)</u>	<u>(2,114)</u>	<u>4,022</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>-</u>	<u>(6,136)</u>	<u>(2,114)</u>	<u>4,022</u>
<b>FUND BALANCE - October 1</b>	<u>1,567,225</u>	<u>1,567,225</u>	<u>1,567,225</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 1,567,225</u>	<u>\$ 1,561,089</u>	<u>\$ 1,565,111</u>	<u>\$ 4,022</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	3,000	7,600	10,269	2,669
Other income	15,260	15,260	37,670	22,410
<b>TOTAL REVENUES</b>	<u>18,260</u>	<u>22,860</u>	<u>47,939</u>	<u>25,079</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>18,260</u>	<u>22,860</u>	<u>47,939</u>	<u>25,079</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds transferred in	-	-	-	-
Funds transferred (out)	(3,500)	(3,500)	(3,750)	(250)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,750)</u>	<u>(250)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	14,760	19,360	44,189	24,829
<b>FUND BALANCE -OCTOBER 1</b>	<u>1,467,761</u>	<u>1,467,761</u>	<u>1,467,761</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 1,482,521</u>	<u>\$ 1,487,121</u>	<u>\$ 1,511,950</u>	<u>\$ 24,829</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, 2017**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	6	6	78	72
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>6</u>	<u>6</u>	<u>78</u>	<u>72</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(494)</u>	<u>(494)</u>	<u>78</u>	<u>572</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds transferred in	-	-	-	-
Funds transferred (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(494)</u>	<u>(494)</u>	<u>78</u>	<u>572</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>10,726</u>	<u>10,726</u>	<u>10,726</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 10,232</u>	<u>\$ 10,232</u>	<u>\$ 10,804</u>	<u>\$ 572</u>



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:

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	112
<b>Revenue Capacity</b> 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.	120
<b>Debt Capacity</b> 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.	132
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	137
<b>Operating Information</b> 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.	140

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in										
capital assets	\$ 779,029	\$ 2,978,341	\$ 2,633,311	\$ (1,359,842)	\$ (1,209,809)	\$ 4,129,634	\$ 3,551,425	\$ 7,022,501	\$ 4,216,159	\$ 8,390,227
Committed	1,173,937	1,208,887	1,241,202	1,272,802	1,327,746	1,374,067	1,420,639	1,438,672	0	0
Restricted	0	0	0	0	0	0	0	6,257,929	12,208,817	8,844,766
Unrestricted	4,224,966	4,885,310	6,467,507	13,574,502	18,787,054	15,860,901	20,892,158	9,587,756	9,612,542	11,266,409
<b>Total governmental activities net position</b>	<b>\$ 6,177,932</b>	<b>\$ 9,072,538</b>	<b>\$ 10,362,020</b>	<b>\$ 13,487,462</b>	<b>\$ 18,904,891</b>	<b>\$ 21,364,602</b>	<b>\$ 25,864,222</b>	<b>\$ 24,308,858</b>	<b>\$ 26,035,518</b>	<b>\$ 28,501,402</b>
<b>Business-type activities</b>										
Net investment in										
capital assets	\$ 3,440,372	\$ 3,394,196	\$ 1,855,664	\$ 5,535,078	\$ 6,282,114	\$ 7,684,214	\$ 16,196,466	\$ 17,184,026	\$ 18,033,774	\$ 19,595,322
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	1,361,440	2,474,873	5,468,599	3,852,677	4,447,825	5,531,782	5,408,349	4,695,184	5,667,456	6,155,259
<b>Total business-type activities net position</b>	<b>\$ 4,801,812</b>	<b>\$ 5,869,069</b>	<b>\$ 7,424,263</b>	<b>\$ 9,387,755</b>	<b>\$ 10,729,939</b>	<b>\$ 13,215,996</b>	<b>\$ 21,604,815</b>	<b>\$ 21,879,210</b>	<b>\$ 23,721,230</b>	<b>\$ 25,750,581</b>
<b>Primary government</b>										
Net investment in										
capital assets	\$ 4,219,401	\$ 4,219,401	\$ 6,372,537	\$ 4,588,975	\$ 5,072,305	\$ 11,813,848	\$ 19,747,891	\$ 24,208,527	\$ 22,249,933	\$ 27,985,549
Restricted for Permanent Endowment	1,173,937	1,173,937	1,208,887	1,241,202	1,327,746	1,374,067	1,420,639	1,438,672	0	0
Restricted	0	0	0	0	0	0	0	6,257,929	12,206,817	8,844,766
Unrestricted	5,586,406	5,586,406	7,360,183	11,956,106	23,234,879	21,392,683	28,300,507	14,282,940	15,299,998	17,421,688
<b>Total primary government net position</b>	<b>\$ 10,979,744</b>	<b>\$ 14,941,607</b>	<b>\$ 17,786,283</b>	<b>\$ 22,875,217</b>	<b>\$ 29,634,930</b>	<b>\$ 34,580,598</b>	<b>\$ 47,489,037</b>	<b>\$ 46,188,088</b>	<b>\$ 49,756,748</b>	<b>\$ 54,251,983</b>

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

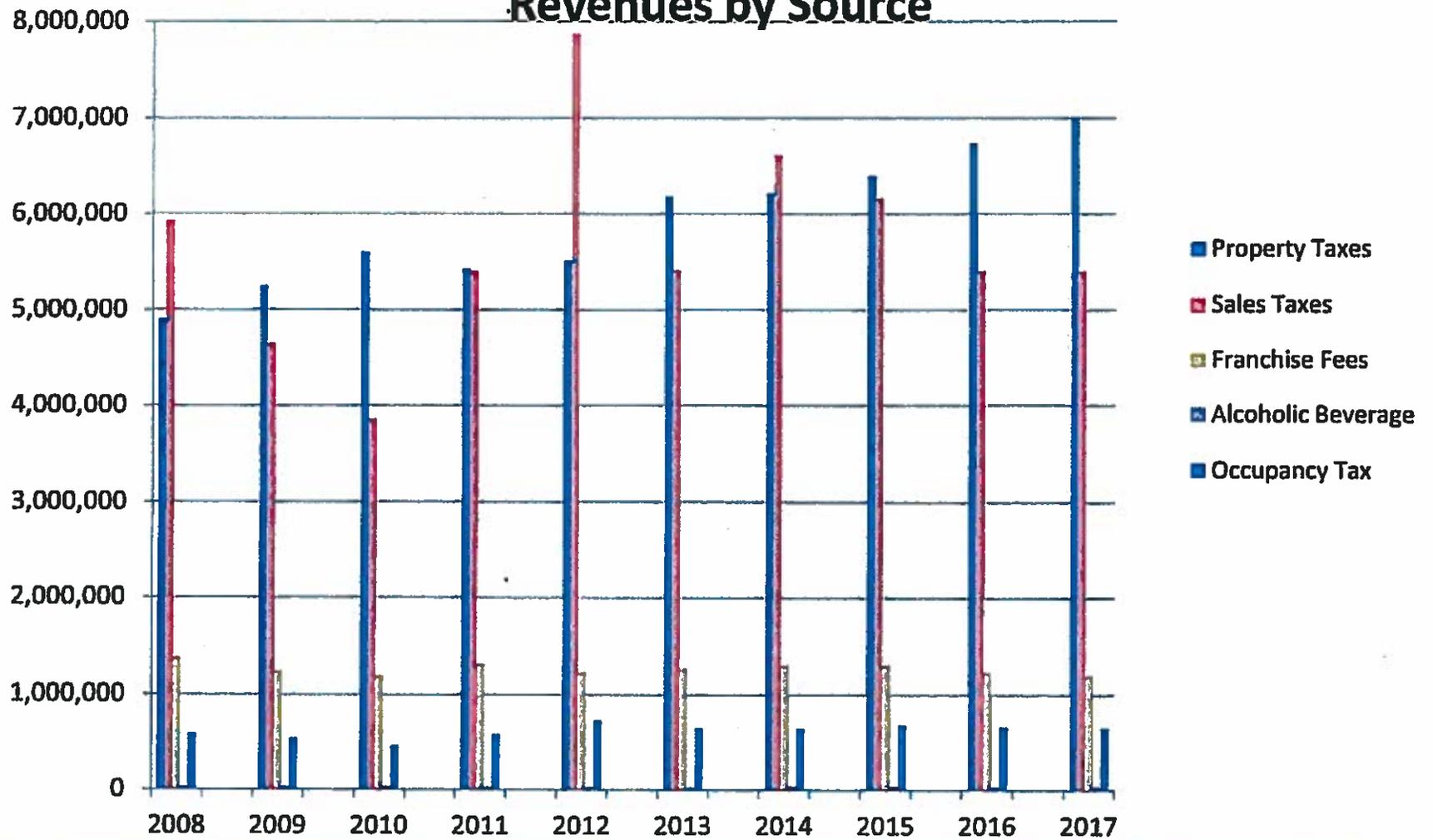
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$2,262,132	\$1,956,841	\$2,029,423	\$2,043,290	\$2,041,635	\$2,036,650	\$2,301,376	\$2,134,433	\$2,057,544	\$2,007,940
Community Development	349,900	354,000	410,999	347,571	375,589	486,974	499,803	474,022	460,691	501,330
Finance	431,430	399,885	401,758	400,922	406,189	462,758	404,366	424,733	453,957	457,878
Public Safety	7,164,808	7,191,305	7,462,751	7,747,905	7,661,491	8,108,422	8,262,814	8,469,599	9,014,024	9,075,713
General/Public Services	4,130,729	3,630,306	3,419,627	3,347,486	3,376,631	3,572,040	3,731,174	3,790,990	4,216,838	4,256,146
Bond Issuance Cost	0	20,163	0	0	0	0	79,487	0	0	0
Interest on Long-Term Debt	536,201	530,804	450,764	808,937	674,442	703,793	544,840	609,610	672,462	564,734
<b>Total Governmental Activities Expenditures</b>	<b>14,875,200</b>	<b>14,083,304</b>	<b>14,175,322</b>	<b>14,696,111</b>	<b>14,535,977</b>	<b>15,372,637</b>	<b>15,823,880</b>	<b>15,903,387</b>	<b>16,875,516</b>	<b>16,883,741</b>
<b>Business-Type Activities:</b>										
Water and Sewer	5,473,198	5,525,366	5,539,750	5,890,140	5,707,742	5,532,425	6,450,530	6,084,430	5,928,017	5,940,976
Municipal Airport	1,563,695	1,072,340	1,097,044	1,339,425	1,382,664	1,254,272	1,336,488	1,162,751	1,187,416	1,250,031
Golf Course	617,356	582,525	550,664	558,961	424,216	387,220	390,558	380,340	351,975	298,029
Stormwater	320,769	442,089	393,324	194,267	226,363	261,470	373,440	397,236	401,177	595,174
Solid Waste	2,782,776	2,581,076	2,446,737	2,316,359	2,653,827	2,838,857	2,775,951	2,454,876	2,684,735	2,773,845
<b>Total Business-Type Activities Expenses</b>	<b>10,757,794</b>	<b>10,203,386</b>	<b>10,027,419</b>	<b>10,299,152</b>	<b>10,394,812</b>	<b>10,074,244</b>	<b>11,326,965</b>	<b>10,479,633</b>	<b>10,553,320</b>	<b>10,858,055</b>
<b>Total Primary Government Expenditures</b>	<b>\$25,632,994</b>	<b>\$24,286,700</b>	<b>\$24,202,741</b>	<b>\$24,995,263</b>	<b>\$24,930,789</b>	<b>\$25,446,881</b>	<b>\$27,150,825</b>	<b>\$26,383,020</b>	<b>\$27,428,836</b>	<b>\$27,721,796</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Fines, Fees, Charges for Services</b>										
General Government	\$25,000	\$0	\$0	\$0	\$40,808	\$32,159	\$0	\$22,331	\$28,075	\$27,688
Community Development	851,088	392,201	372,813	481,946	546,688	560,554	691,640	665,918	272,729	837,926
Public Safety	587,271	467,336	425,670	471,929	361,494	123,184	272,044	375,469	578,735	514,831
General/Public Services	0	453,436	453,449	518,943	533,552	605,285	675,361	423,529	1,059,423	663,665
Operating Grants and Contributions	385,352	1,480,927	235,593	268,736	259,748	409,629	260,794	50,600	325,203	91,970
<b>Total Governmental Activities Program Revenues</b>	<b>1,848,711</b>	<b>2,793,900</b>	<b>1,487,525</b>	<b>1,741,554</b>	<b>1,742,290</b>	<b>1,730,811</b>	<b>1,899,839</b>	<b>1,537,847</b>	<b>2,264,165</b>	<b>2,136,080</b>
<b>Program Revenues (continued)</b>										
<b>Business-Type Activities:</b>										
<b>Fines, Fees, Charges for Services</b>										
Water and Sewer	\$6,958,762	\$7,262,043	\$7,106,996	\$7,691,710	\$7,803,192	\$7,494,981	\$7,510,490	\$7,541,024	\$8,111,187	\$7,803,109
Municipal Airport	1,263,399	878,792	898,501	1,132,279	1,164,363	1,141,161	1,250,890	989,594	1,007,774	995,814
Golf Course	366,356	345,795	285,532	270,195	76,110	172,214	193,863	141,525	140,044	176,643
Stormwater	551,395	963,149	980,287	949,795	952,558	1,003,269	1,002,231	1,003,379	990,405	936,828
Solid Waste	3,817,914	3,490,802	3,395,912	3,591,358	3,798,315	4,383,827	3,680,851	3,812,793	4,069,815	4,093,404
Operating Grants and Contributions	90,123	185,616	919,693	377,385	276,940	0	472,676	86,996	117,941	34,722

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Total Business-Type Activities Program Revenues</b>	13,047,949	13,126,297	13,564,921	14,012,722	14,071,478	14,195,452	14,121,001	13,575,311	14,437,166	14,040,320
<b>Total Primary Government Program Revenues</b>	\$14,896,660	\$15,920,197	\$15,052,446	\$15,754,276	\$15,813,768	\$15,926,263	\$16,020,840	\$15,113,158	\$16,701,331	\$16,176,400
<b>Net (Expenses)/Revenue</b>										
<b>Governmental Activities</b>	(\$13,026,489)	(\$11,289,404)	(\$12,687,797)	(\$12,954,557)	(\$12,793,687)	(\$13,641,826)	(\$13,924,021)	(\$14,365,540)	(\$14,611,351)	(\$14,727,661)
<b>Business-Type Activities</b>	2,290,155	2,922,901	3,537,502	3,713,570	3,676,666	4,121,208	2,794,036	3,095,678	3,883,846	3,182,285
<b>Total Primary Government</b>	(\$10,736,334)	(\$8,366,503)	(\$9,150,295)	(\$9,240,987)	(\$9,117,021)	(\$9,520,618)	(\$11,129,985)	(\$11,269,862)	(\$10,727,505)	(\$11,545,396)
<b>General Revenues and Other Changes In Net Position</b>										
<b>Governmental Activities:</b>										
<b>Taxes</b>										
Property Taxes	\$4,891,706	\$5,254,558	\$5,626,157	\$5,424,213	\$5,501,785	\$6,200,651	\$6,216,770	\$6,400,677	\$6,742,089	\$7,003,766
Sales Taxes	6,052,952	4,442,416	3,961,931	5,401,018	7,875,346	5,409,389	6,622,880	6,167,640	5,404,024	5,403,311
Other Taxes & Fees	2,015,097	1,822,054	1,697,810	1,935,302	1,993,321	1,954,504	2,002,165	2,040,775	1,940,453	1,896,032
Investment Income	134,030	78,460	31,581	32,797	25,372	28,797	11,821	18,749	79,942	179,997
Miscellaneous	364,550	514,287	657,349	1,322,089	476,078	476,078	1,459,148	359,767	966,743	387,875
Transfers In (Out)	2,063,455	1,979,229	2,002,451	2,108,944	2,339,314	2,339,314	2,110,857	1,865,324	2,511,059	2,322,564
<b>Total Government Activities</b>	15,521,790	14,091,004	13,977,279	16,224,343	18,211,216	16,408,733	18,423,641	16,852,932	17,644,310	17,193,545
<b>Business-Type Activities:</b>										
Investment Income	34,741	39,618	11,181	4,462	4,832	6,778	5,795	11,927	52,415	92,919
Miscellaneous	387,975	83,967	8,962	10,000	0	998,514	7,699,845	0	50,217	1,076,731
Transfers In (Out)	(2,063,455)	(1,979,229)	(2,002,451)	(2,108,944)	(2,339,314)	(2,339,314)	(2,110,857)	(1,865,324)	(2,511,059)	(2,322,564)
<b>Total Business-Type Activities</b>	(1,640,739)	(1,855,644)	(1,982,308)	(2,094,482)	(2,334,482)	(1,334,022)	5,594,783	(1,853,397)	(2,408,427)	(1,152,914)
<b>Total Primary Government</b>	\$13,881,051	\$12,235,360	\$11,994,971	\$14,129,861	\$15,876,734	\$15,074,711	\$24,018,424	\$14,999,535	\$15,235,883	\$16,040,631
<b>Change In Net Position</b>										
<b>Governmental Activities</b>	\$2,495,301	\$2,801,600	\$1,289,482	\$3,269,786	\$5,417,529	\$2,766,907	\$4,499,620	\$2,487,392	\$3,032,959	\$2,465,884
<b>Business-Type Activities</b>	649,416	1,067,257	1,555,194	1,619,088	1,342,184	2,787,186	8,388,819	1,242,281	1,475,419	2,029,351
<b>Total Primary Government</b>	\$3,144,717	\$3,868,857	\$2,844,676	\$4,888,874	\$6,759,713	\$5,554,093	\$12,888,439	\$3,729,673	\$4,508,378	\$4,495,235

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Franchise Fees</b>	<b>Alcoholic Beverage Taxes</b>	<b>Occupancy Tax</b>	<b>Total</b>
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
2016	6,742,089	5,404,024	1,240,790	34,207	665,456	14,086,566
2017	\$ 7,003,766	\$ 5,403,311	\$ 1,206,315	\$ 34,565	\$ 655,152	\$ 14,303,109

## Governmental Activities Tax and Franchise Fee Revenues by Source



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$40,530	\$428	\$628	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	3,385,907	4,224,247	5,051,487	0	0	0	0	0	0	0
Nonspendable	0	0	0	459	0	770	978	547	6,597	7,944
Assigned:										
Stanford House	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	2,254,213	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Unassigned	0	0	0	6,679,703	6,880,162	7,216,399	7,407,227	7,583,096	7,397,240	8,892,045
<b>Total General Fund</b>	<b>\$3,426,437</b>	<b>\$4,224,675</b>	<b>\$5,052,115</b>	<b>\$6,680,162</b>	<b>\$9,134,375</b>	<b>\$7,217,169</b>	<b>\$7,408,205</b>	<b>\$7,583,643</b>	<b>\$7,403,837</b>	<b>\$8,899,989</b>
<b>All Other Governmental Funds</b>										
Reserved	\$2,208,169	\$1,875,114	\$3,895,572	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved, reported in:										
Special Revenue Funds	(88,470)	0	86,580	0	0	0	0	0	0	0
Capital Projects Funds	0	328,115	0	0	0	0	0	0	0	0
Nonspendable	0	0	0	0	0	770	0	0	0	0
Restricted:										
Debt Service	0	0	0	844,347	1,022,513	1,024,748	1,063,979	948,521	1,244,098	1,371,883
Construction	0	0	0	4,930,807	5,315,306	3,760,040	5,000,089	4,517,997	8,725,955	5,065,270
Tourism and the Arts	0	0	0	353,043	601,934	768,661	789,424	446,397	613,710	691,782
Other	0	0	0	63,139	91,591	106,663	165,888	120,288	155,293	203,881
Nonspendable										
Cemetery	0	0	0	1,272,802	1,327,746	1,374,087	1,409,953	1,427,979	1,467,761	1,511,950
Assigned:										
Stanford House	0	0	0	162,312	211,859	206,429	239,828	0	0	0
Construction	0	0	0	114,862	2,035,103	2,564,024	2,477,635	334,032	3,899,903	4,253,649
Other	0	0	0	18,189	27,528	48,354	4,137,962	5,678,426	2,887,585	2,539,967
Unassigned	0	0	0	0	0	0	0	0	0	0
<b>Total All Other Governmental Funds</b>	<b>\$2,119,699</b>	<b>\$2,203,229</b>	<b>\$3,982,152</b>	<b>\$7,759,301</b>	<b>\$10,633,580</b>	<b>\$9,853,756</b>	<b>\$15,284,758</b>	<b>\$13,473,640</b>	<b>\$26,398,142</b>	<b>\$24,538,371</b>

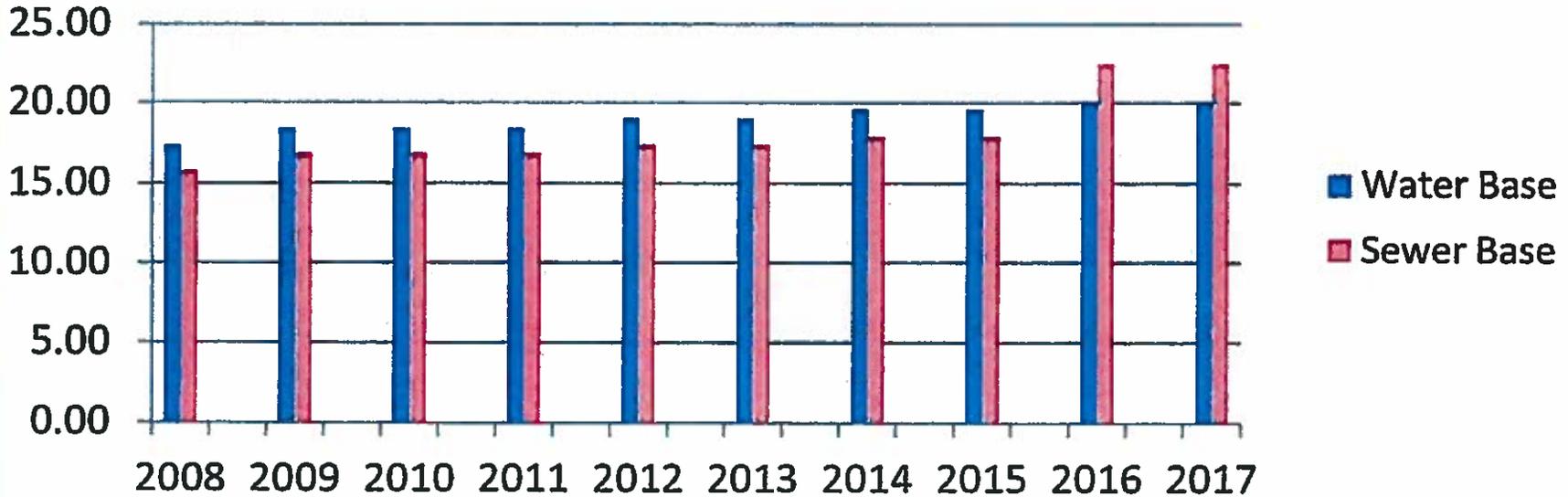
In FY 2011, the City adopted GASB 54 which redefines how fund balances of the governmental funds are presented in the financial statements.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Ad Valorem Taxes	\$ 4,907,152	\$ 5,246,238	\$ 5,598,223	\$ 5,470,155	\$ 5,508,886	\$ 6,200,651	\$ 6,227,465	\$ 6,417,559	\$ 6,694,561	\$ 7,017,525
Sales Taxes	5,929,819	4,653,940	3,854,804	5,401,018	7,875,346	5,409,389	6,622,860	6,167,640	5,404,024	5,403,311
Other Local Taxes/Fees	2,015,097	1,822,054	1,697,810	1,935,302	1,993,321	1,954,504	2,002,165	2,040,775	1,940,453	1,886,032
Service Charges	673,298	672,489	686,216	796,144	835,854	896,422	1,091,780	846,746	1,059,423	1,077,957
License & Permits	202,790	173,148	140,046	204,745	285,195	269,957	275,221	265,032	300,804	451,322
Fines & Forfeitures	476,939	489,252	464,628	367,930	371,319	301,256	394,361	382,478	530,929	411,158
Interest from Investments	134,030	78,460	31,582	32,797	25,370	26,220	11,821	18,753	65,078	179,997
Intergovernmental Revenues	385,352	209,656	309,615	268,736	259,748	409,629	260,794	50,600	325,203	91,970
Other Income	364,548	1,711,537	657,348	1,322,070	485,357	1,441,807	1,315,154	389,004	981,607	462,327
<b>Total Revenues</b>	<b>\$ 15,089,025</b>	<b>\$ 15,056,774</b>	<b>\$ 13,440,272</b>	<b>\$ 15,798,897</b>	<b>\$ 17,640,396</b>	<b>\$ 16,909,835</b>	<b>\$ 18,201,641</b>	<b>\$ 16,578,587</b>	<b>\$ 17,302,082</b>	<b>\$ 16,991,599</b>
<b>Expenditures</b>										
General Government	\$ 1,551,903	\$ 1,546,379	\$ 1,596,675	\$ 1,516,231	\$ 1,684,168	\$ 1,691,503	\$ 1,976,208	\$ 1,807,994	\$ 1,838,049	\$ 1,818,903
Community Development	351,508	376,869	366,368	313,163	333,267	439,982	440,433	417,969	442,832	492,433
Finance	432,879	375,468	402,465	399,691	401,010	445,875	418,602	428,260	443,431	455,004
Public Safety	6,958,067	6,932,074	7,144,821	7,373,057	7,267,715	7,621,916	7,848,716	8,089,744	8,305,934	8,428,432
Public Works	3,532,328	3,098,509	2,945,265	2,872,241	2,868,685	2,981,317	3,105,835	3,133,526	3,440,987	3,407,905
Non-Departmental	0	20,163	0	202,193	0	0	0	0	0	0
Capital Outlay	827,154	2,200,960	917,862	4,533,090	3,308,994	6,824,053	3,982,712	3,996,564	2,914,482	4,467,059
Debt Service:										
Principal	1,077,595	1,165,913	978,483	1,039,008	1,189,641	1,375,923	1,371,400	1,429,204	1,355,894	1,379,709
Interest	542,350	528,907	463,946	774,173	656,586	741,728	561,934	603,212	531,118	724,489
Bond Issuance Cost	0	0	0	0	70,812	0	79,487	0	0	0
<b>Total Expenditures</b>	<b>\$ 15,273,782</b>	<b>\$ 16,247,242</b>	<b>\$ 14,816,885</b>	<b>\$ 19,022,847</b>	<b>\$ 17,780,878</b>	<b>\$ 22,122,277</b>	<b>\$ 19,785,327</b>	<b>\$ 19,906,473</b>	<b>\$ 19,272,727</b>	<b>\$ 21,173,934</b>
<b>Excess of revenues</b>										
over(under) expenditures	(184,757)	(1,190,468)	(1,375,613)	(3,223,950)	(140,482)	(5,212,442)	(1,583,686)	(3,327,886)	(1,970,645)	(4,182,335)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other financing Sources (Uses):</b>										
Proceeds from Bond Issues	982,020	0	1,979,525	0	3,129,660	0	5,095,837	0	7,715,806	0
Payment to Bond Escrow Agent	0	0	0	0	0	0	0	0	(3,210,454)	0
Premium on Debt Issuance	0	0	0	0	0	0	0	0	519,819	0
Funds transferred In	3,626,811	3,480,751	3,338,694	3,816,647	5,543,233	6,493,478	5,846,196	5,105,940	8,959,511	3,611,435
Funds transferred out	(1,563,354)	(1,601,622)	(1,336,243)	(1,709,703)	(3,203,919)	(3,978,836)	(3,735,339)	(3,240,616)	(6,448,452)	(1,288,871)
<b>Total Other Financing Sources(Uses)</b>	<b>3,025,477</b>	<b>1,979,229</b>	<b>3,981,976</b>	<b>2,106,944</b>	<b>5,468,974</b>	<b>2,514,642</b>	<b>7,206,494</b>	<b>1,865,324</b>	<b>7,536,230</b>	<b>2,322,564</b>
<b>Net Change in Fund Balances</b>	<b>\$2,840,720</b>	<b>\$788,761</b>	<b>\$2,606,363</b>	<b>(\$1,117,006)</b>	<b>\$5,328,492</b>	<b>(\$2,697,800)</b>	<b>\$5,622,808</b>	<b>(\$1,462,562)</b>	<b>\$5,565,585</b>	<b>(\$1,859,771)</b>
<b>Debt Service as a percentage of</b>										
Noncapital Expenditures	11.21%	12.07%	10.38%	12.51%	12.76%	13.84%	12.23%	12.77%	11.54%	12.59%

# Water & Sewer Fund Base Charges

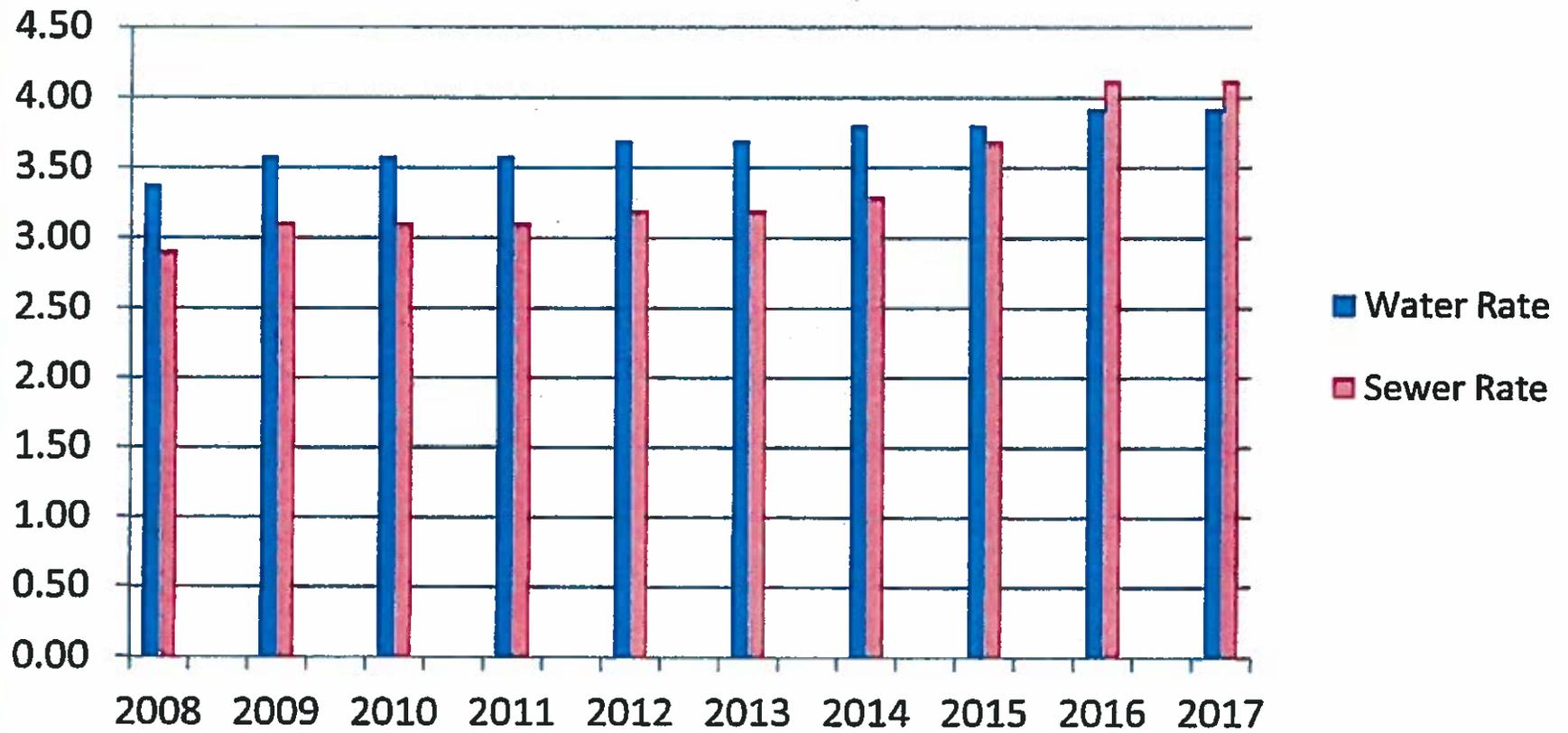


**City of Gainesville, Texas  
Water and Sewer Rates-Residential  
Last Ten Years**

<b>Fiscal Year</b>	<b>Water Base (per month)</b>	<b>Water Rate (per 1000 gals)</b>	<b>Sewer Base (per month)</b>	<b>Sewer Rate (per 1000 gals)</b>
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
2016	20.12	3.92	22.43	4.13
2017	\$20.12	\$3.92	\$22.43	\$4.13

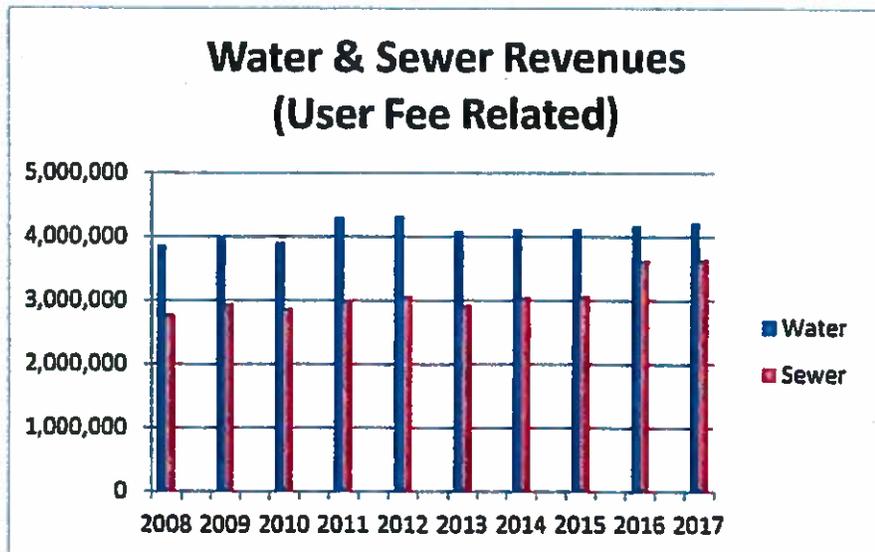
Source: City of Gainesville Customer Service

## Water & Sewer Rates per 1,000 Gallons



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

<b>Fiscal Year</b>	<b>Water Related Revenues</b>	<b>Sewer Related Revenues</b>	<b>Total</b>
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
2016	4,171,501	3,633,470	7,804,971
2017	\$4,217,575	\$3,645,945	\$7,863,520



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

<b>Customer</b>	<b>2017</b>		<b>2008</b>	
	<b>Total Consumption For Customer (in gallons)</b>	<b>Rank</b>	<b>Total Consumption For Customer (in gallons)</b>	<b>Rank</b>
Gainesville State School	10,780,000	1	12,517,000	2
Frank Buck Zoo	9,120,000	2	5,683,300	5
Zodiac (formerly Weber Aircraft)	8,923,290	3	19,202,380	1
Select Energy Services	5,015,000	4		
North Texas Medical Center	4,874,260	5		
Hunter's Car Wash	4,612,000	6		
GAF Materials	4,353,340	7		
Walmart Stores	4,148,900	8		
Gainesville Ind. School District	4,099,900	9	5,858,410	4
North Central Texas College	3,943,710	10	7,097,000	3
Renaissance Care Center			4,039,800	6
Pecan Tree Manor			3,813,200	7
Woodglen Apartments			3,685,800	8
Sunset Village			3,514,970	9
Polypipe Inc			3,513,600	10
<b>Total Water Consumption</b>	<b>59,870,400</b>		<b>68,925,460</b>	

Source: City of Gainesville Customer Service

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

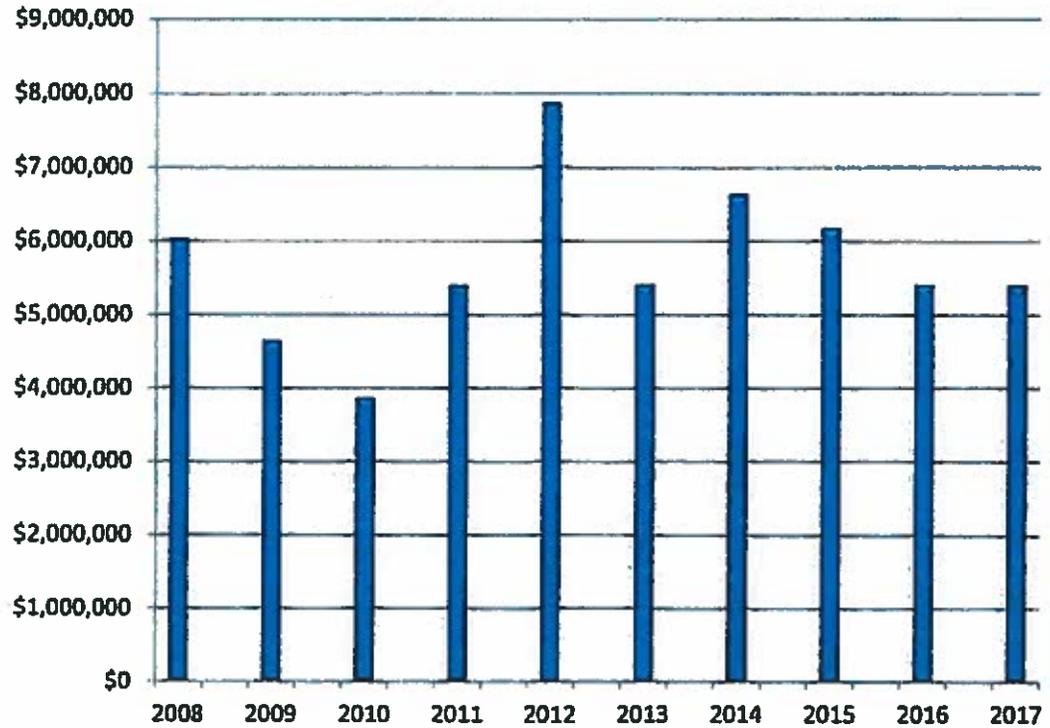
<b>Fiscal Year</b>	<b>State of Texas</b>	<b>Cooke County</b>	<b>City of Gainesville</b>	<b>Gainesville Economic Development</b>	<b>Totals</b>
2008	6.25%	0.50%	1.25%	0.25%	8.25%
2009	6.25%	0.50%	1.25%	0.25%	8.25%
2010	6.25%	0.50%	1.25%	0.25%	8.25%
2011	6.25%	0.50%	1.25%	0.25%	8.25%
2012	6.25%	0.50%	1.25%	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%
2016	6.25%	0.50%	1.25%	0.25%	8.25%
2017	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>
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
2016	5,404,024
2017	\$5,403,311

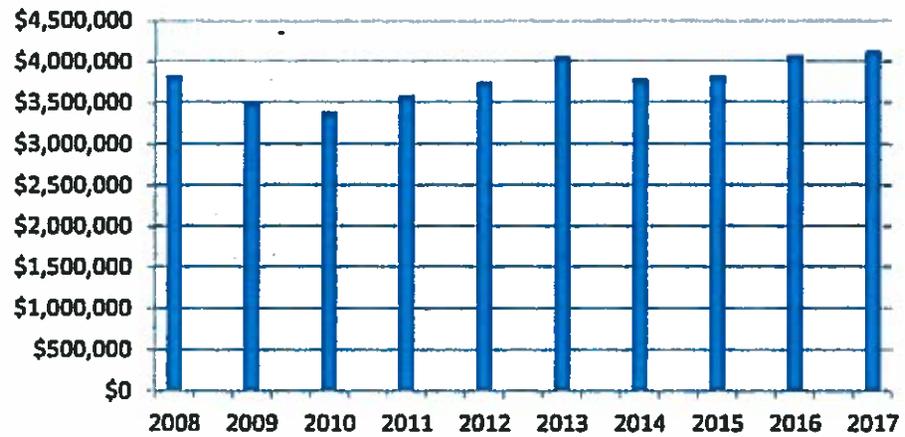
Sales Tax Revenue  
Ten Year History



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

<b>Fiscal Year</b>	<b>Charges for Service Revenues</b>
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
2016	4,078,898
2017	\$4,128,076

**Solid Waste Revenues**



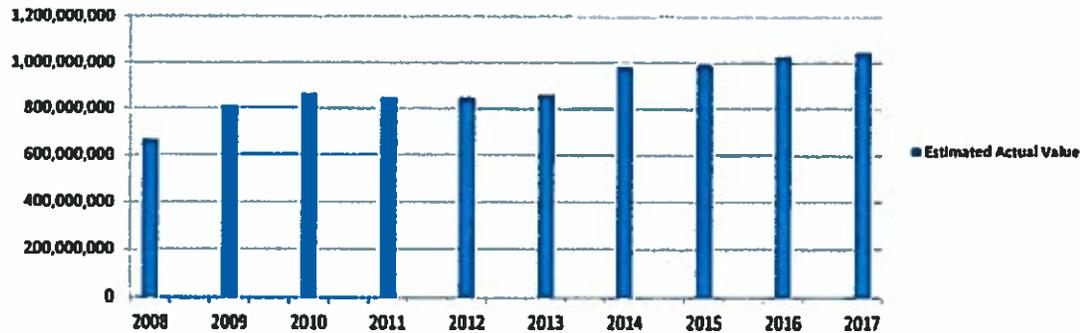
**Assessed and Estimated Actual Value of Property (1)  
Last Ten Fiscal Years**

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		
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	239,500,018	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	266,988,268	989,513,562	989,513,562	0.697822	100.0%
2016	837,693,898	837,693,898	543,466,902	543,466,902	354,963,587	1,026,197,213	1,026,197,213	0.705030	100.0%
2017	\$ 853,116,994	\$ 853,116,994	\$ 510,737,407	\$ 510,737,407	\$ 320,130,831	\$ 1,043,723,570	\$ 1,043,723,570	0.722540	100.0%

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

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

**Property Tax Assessed Value  
Ten Year History**



**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	
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	0.11260	1.25940	3.52662
2011	0.43238	0.21484	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	0.32650	0.02040	0.34690	1.04000	0.26780	1.30780	1.13400	0.10740	1.24140	3.54310
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	0.34120	0.02740	0.36860	1.04000	0.24000	1.28000	1.15270	0.13820	1.29090	3.63732
2016	0.44560	0.25223	0.69782	0.38520	0.01950	0.38470	1.04000	0.24000	1.28000	1.16660	0.14330	0.00000	2.36252
2017	\$0.43290	\$0.27213	\$0.70503	\$0.36580	\$0.01890	\$0.38470	\$1.17000	\$0.11000	\$1.28000	\$1.09270	\$0.12175	\$0.00000	\$2.36973

(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	2017		2017		2008		2008	
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Tyler Bluff Wind LLC	\$ 149,085,450	1	25.87%					
Zodiac (formerly Weber Aircraft)	92,038,597	2	15.97%		20,460,087	1	15.94%	
Well Services Division	89,228,830	3	15.48%					
Wolf Ridge Wind LLC	58,230,950	5	10.10%					
Building Materials of America	36,887,322	6	6.40%		14,468,868	5	11.27%	
Oncor Electric	34,422,070	7	5.97%		9,044,670	6	7.05%	
Pump Co Energy Services, LP	33,865,760	8	5.88%		18,769,730	3	14.63%	
Basic Energy Sources	32,160,194	9	5.58%					
EOG Resources	26,508,912	10	4.60%					
BNSF	23,890,960	8	4.15%					
Duraline Polypipe					15,922,242	4	12.41%	
Home Depot					7,327,322	9	5.71%	
La Quinta					6,155,554	10	4.80%	
PPG Industries					8,109,830	8	6.32%	
B29 Investments P & Etal					8,616,534	7	6.71%	
Walmart					19,452,345	2	15.16%	
<b>Total Assessed Valuation</b>	<b>\$ 576,319,045</b>		<b>100.00%</b>	<b>\$</b>	<b>128,327,182</b>		<b>100.00%</b>	

Source: Cooke County Appraisal District

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections (2)</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes (1)</b>	<b>Delinquent Taxes to Total Tax Levy</b>
2008	5,222,332	5,117,413	98.0%	210	5,117,623	98.0%	6,770	0.1%
2009	5,581,543	5,258,192	94.2%	417	5,258,609	94.2%	9,684	0.2%
2010	5,417,241	5,384,679	99.4%	164	5,384,843	99.4%	6,837	0.1%
2011	5,457,772	5,422,975	99.4%	176	5,423,151	99.4%	19,446	0.4%
2012	6,148,726	6,077,903	98.8%	235	6,078,138	98.9%	12,094	0.2%
2013	6,162,316	6,102,699	99.0%	3,213	6,105,912	99.1%	14,747	0.2%
2014	6,472,700	6,385,619	98.7%	2,813	6,388,432	98.7%	17,812	0.3%
2015	6,646,443	6,605,595	99.4%	9,867	6,615,462	99.5%	27,445	0.4%
2016	7,115,523	7,025,234	98.7%	24,224	7,049,458	99.1%	52,814	0.7%
2017	\$ 7,406,189	\$ 6,119,787	82.6%	\$ 191,112	\$ 6,310,899	85.2%	\$ 1,297,155	17.5%

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

(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			
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
2016	16,054,484	2,494,500	0	849,850	6,030,519	18,130,500	0	121,516	43,681,369	13.20%	2,681
2017	\$ 14,812,775	\$ 2,356,500	\$ 0	\$ 801,446	\$ 4,977,228	\$ 17,403,500	\$ 0	\$ 995,404	\$ 41,346,853	12.49%	2,538

**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**

<b>Fiscal Year</b>	<b>Official Population (1)</b>	<b>Total Assessed Value (2)</b>	<b>Net General Obligation Debt (3)</b>	<b>Less Debt Service Fund (4)</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
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	23,444,748	948,521	22,496,227	2.63%	1,405.84
2016	16,502	921,141,930	22,085,003	1,244,098	20,840,905	2.26%	1,262.93
2017	16,502	\$ 940,773,321	\$ 39,550,003	\$ 1,371,883	\$ 38,178,120	4.06%	\$ 2,313.55

(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, 2017**

Jurisdiction	Total GO Debt Outstanding	Estimated Percent Applicable	Direct and Overlapping Funded Debt As of 9/30/15
<i>Direct Debt:</i>			
City of Gainesville	<u>\$39,550,000</u>	100.00%	<u>\$39,550,000</u>
Subtotal Direct Debt	<u>\$39,550,000</u>		<u>\$39,550,000</u>
<i>Overlapping Debt:</i>			
Cooke County	4,890,000	36.03%	1,761,867
Gainesville ISD	30,097,979	81.03%	24,388,392
Lindsey ISD	245,000	69.99%	171,476
Gainesville Hospital District	36,650,000	41.64%	15,261,060
North Central Texas Community College	<u>12,815,000</u>	36.10%	<u>4,626,215</u>
Subtotal Overlapping Debt	<u>84,697,979</u>		<u>46,209,010</u>
<b>Total Direct and Overlapping Debt</b>	<b><u>\$124,247,979</u></b>		<b><u>\$85,759,010</u></b>

Ratio of direct and overlapping bonded debt to taxable assessed valuation 8.36%

Per capita direct and overlapping bonded debt \$5,196.89

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

Source: First Southwest Company

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$8,346	\$7,885	\$7,427	\$11,787	\$12,369	\$9,520	\$13,975	\$12,765	\$16,054	\$14,813
Total Net Debt Applicable to Limit	368	496	682	844	1,023	1,025	1,064	949	1,244	1,372
Legal Debt Margin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.41%	6.29%	9.19%	7.16%	8.27%	10.76%	7.61%	7.43%	7.75%	9.26%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed value	\$1,337,365
Add back: exempt real property	<u>293,642</u>
Total assessed value	1,043,723.57
Debt limit (\$1.50 to total assessed value)	1,372
Debt applicable to limit:	
General Obligation bonds	0
Less: Amount set aside for repayment of GO debt	16,054
Tax Certificates of Obligations w/Revenue Pledge	-16,054
Total net debt applicable to limit	
Legal Debt Margin	\$17,426

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  
Revenue Bond Coverage  
Water and Sewer Fund  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2008	7,356,384	4,689,945	2,666,439	0	0	0	N/A
2009	7,275,853	4,695,861	2,579,992	0	0	0	N/A
2010	7,111,950	4,700,147	2,411,803	0	0	0	N/A
2011	7,692,707	5,001,544	2,691,163	0	0	0	N/A
2012	7,805,004	4,839,005	2,965,999	0	0	0	N/A
2013	7,499,164	\$ 4,744,612	\$ 2,754,552	0	0	0	N/A
2014	7,966,390	\$ 6,174,754	\$ 1,791,636	0	0	0	N/A
2015	7,541,024	\$ 5,565,217	\$ 1,975,807	0	0	0	N/A
2016	8,111,187	\$ 5,928,017	\$ 2,183,170	0	0	0	N/A
2017	\$ 7,863,520	\$ 5,389,711	\$ 2,473,809	0	0	0	N/A

0

(1) Total revenues, excluding grants and interest.

(2) Total operating expenses excluding depreciation and transfers

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

**City of Gainesville, Texas  
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)
2008	15,538	295,190,924	18,998	34	2851	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%
2016	16,002	330,969,366	20,683	33	2,862	79.50%	3.60%
2017	16,502	\$ 351,377,086	\$ 21,293	32	2,945	79.50%	3.30%

- (1) US Census Bureau 2010 Census
- (2) Bureau of Labor Statistics
- (3) Gainesville Independent School District

**City of Gainesville, Texas  
Ten Largest Employers  
Fiscal Year 2017 and 2008**

Employer	2017			2008		
	Number of Employees FTE	Rank	Percent of Total County Employment	Number of Employees FTE	Rank	Percent of Total County Employment
WinStar Casino	3200	1	27.83%	2000	1	18.35%
Zodiac (formerly Weber Aircraft)	1000	2	8.70%	1300	3	11.93%
North Central Texas College	397	4	3.45%	352	7	3.23%
WalMart	396	6	3.44%	420	6	3.85%
Gainesville ISD	370	5	3.22%	442	5	4.06%
Gainesville State School	331	3	2.88%	323	9	2.96%
NTMC	291		2.53%	350	8	3.21%
Cooke County	266	9	2.31%	0		0.00%
City of Gainesville	238	10	2.07%	0		0.00%
SPN Well Services (was Complete Energy)	196	8	1.70%	600	4	5.50%
Allen Richie				2000	2	18.35%
Gainesville Factory Shops				287	10	2.63%
Totals	6685		58.15%	8074		74.07%
Total in Gainesville	11497		100.00%	10900		100.00%

Source: Gainesville Economic Development Corporation

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

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Administration	3	3	3	3	3	3	3	3	3	3
Information Technology	0	0	0	0	1	1	1	1	1	1
Human Resources	2	2	2	2	2	2	2	2	2	2
Building Operations	1	0	0	0	0	0	0	0	0	0
Municipal Court	5	5	5	5	5	5	5	5	5	4
Civic Center	3	2	2	2	2	2	2	2	2	2
Community Development	6	5	5	3	5	5	5	5	5	6
Finance	5	4	4	4	4	4	4	4	4	4
Economic Development	4	4	4	5	5	5	5	5	5	5
Police	55	53	53	53	55	55	55	55	56	56
Fire	42	42	42	42	42	42	42	42	42	42
Streets	11	7	8	7	7	7	7	7	7	7
Garage	5	4	4	4	4	4	4	4	4	4
Parks	14	13	13	13	18	18	18	18	18	18
Frank Buck Zoo	14	14	14	14	15	15	15	15	15	16
Cemetery	5	5	5	5	5	5	5	5	5	5
Golf Course	9	8	8	7	7	7	8	8	7	6
Water	28	21	21	20	21	21	21	21	21	20
Wastewater	18	18	18	17	17	17	17	17	17	17
Airport	4	3	3	3	3	3	3	3	3	3
Stormwater Utility	4	2	2	2	2	2	2	2	2	2
Solid Waste - Collection	12	12	12	12	13	13	13	13	13	13
Solid Waste - Disposal	5	3	3	2	2	2	2	2	2	2
<b>Total</b>	<b>255</b>	<b>230</b>	<b>231</b>	<b>225</b>	<b>238</b>	<b>238</b>	<b>239</b>	<b>239</b>	<b>239</b>	<b>238</b>

Source: City of Gainesville Human Resources department.

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Calls for Service	30,829	38,941	44,559	44,203	49,378	45,846	49,651	33,536	34,558	
Arrests	1,060	988	916	1,060	811	1,015	979	1,226	1,337	
<b>Municipal Court</b>										
Cases Filed	6,157	6,438	5,264	6,328	5,061	3,472	4,091	5,000	6,612	5,447
Cases Disposed	5,867	6,433	6,434	5,854	5,035	3,506	4,580	5,000	2,442	5,648
Class C Warrants Filed	1,674	1,719	1,656	2,007	1,466	1,413	1,789	1,000	1,854	1,617
Juvenile Cases Filed	449	321	224	225	316	320	175	175	146	117
<b>Fire</b>										
Number of calls	761	667	711	958	793	780	874	954	2,461	2,670
Number of fires	137	136	120	195	154	175	174	240	143	169
Rescue/EMS incidents	140	165	173	224	185	175	200	210	1,544	1,829
<b>Streets</b>										
Potholes Patched	4,465	4,146	5,498	6,167	6,509	7,941	5,751	7,529	4,608	2,701
Storm drains cleaned	967	564	153	126	135	318	122	137	126	93
Miles of streets swept	1,052	711	527	613	447	860	1,098	864	690	1,595
<b>Golf Course</b>										
Rounds of golf	16,619	15,337	11,340	10,739	5,001	7,583	7,853	9,100	7,435	9,216
<b>Community Development</b>										
Building Permits	994	775	916	1,069	1,156	1,156	1,156	900	977	1,007
Value of Building Projects (In thousands)	14,625	1,350	3,008	6,170	15,604	15,804	15,604	15,604	20,046	62,013
Number of Inspections	1,742	1,265	1,074	1,590	1,950	1,950	1,950	1,069	1,258	1,332
<b>Finance</b>										
Number of Invoices paid	6,760	6,295	6,467	6,723	6,833	8,019	7,284	6,985	7,372	8,700
Received CAFR award	Yes									
Received Budget Presentation award	N/A	N/A	Yes							
Number of Payroll checks prepared	6,215	6,023	6,080	6,154	5,839	5,880	6,214	6,063	6,062	6,176
<b>Water System</b>										
Number of water customers	6,022	6,089	6,079	6,065	6,121	6,166	6,182	6,200	6,074	6,109
New Connects	1,472	1,398	1,420	1,342	1,345	1,412	1,419	1,525	1,344	1,313
Daily average water consumption (mil gls)	2.4	2.2	2.4	2.0	2.4	2.4	2.4	2.1	2.1	2.1
Maximum daily pumping capacity (mil gls)	6.5	4.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Maximum storage capacity (mil gls)	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
<b>Wastewater System</b>										
Number of wastewater customers	5,738	5,775	5,918	5,879	5,773	5,822	6,013	5,964	5,775	5,805
Daily average treatment(mil gls)	1.3	1.4	1.5	1.4	1.4	1.4	1.6	2.3	2.2	1.6
Maximum daily treatment capacity(mil gls)	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	10.0	10.0
<b>Airport</b>										
Gallons of aviation fuel pumped	287,528	250,472	230,375	248,265	236,813	216,735	260,944	265,306	311,236	323,952

Source: Various City departments.

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



Capital Assets  
Used in the Operation  
Of Governmental Funds

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	15	15	15	16	12	12	12	12	12	12
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Hydrants	850	850	850	968	825	825	825	825	825	825
Fire Vehicles	13	13	13	13	13	13	13	13	12	12
<b>Streets</b>										
Miles of streets	120	132	129.71	129.71	129.71	129.71	129.71	129.71	129.71	129.71
Miles of streets maintained by City	92	86	96	96	96	96	96	96	96	96
Street Lights	1565	1565	1581	1581	1581	1581	1581	1581	1581	1581
<b>Parks &amp; Recreation</b>										
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	212	212	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
<b>Miles of water mains</b>	130	137.5	137.5	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
<b>Wastewater System</b>										
Miles of wastewater mains	132	132	132	132	134	134	134	134	134	134
Miles of storm drainage mains	9	10	10	10	10	10	10	10	10	10
Number of Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Sanitation</b>										
Collection Trucks	14	13	9	12	12	12	12	12	13	5
Long Haul Trucks	5	5	4	4	4	4	4	4	4	4
Heavy Equipment Units	7	4	6	5	5	5	5	5	5	6
Vehicles	2	2	4	4	4	4	4	4	5	6
Carts (1)	0	400	5743	5891	5891	5857	5857	5857	5563	5353
<b>Airport</b>										
Airport acreage	1312	1308	1308	1317	1317	1317	1317	1317	1297	1277
Number of runways	2	2	2	2	2	2	2	2	2	2
Number of hangars	4	6	6	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.



## Compliance Reports



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City Council  
City of Gainesville  
200 South Rusk  
Gainesville, Texas 76240

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of and for the year ended September 30, 2017, 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 March 14, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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'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 black ink that reads "Schalk & Smith PC". The signature is written in a cursive, flowing style.

Schalk & Smith, P.C.  
March 14, 2018