

City of Gainesville, Texas



New Fire Station 3 - 2020



Old Fire Station 3 - 1918

Comprehensive Annual Financial Report Fiscal Year Ending September 30, 2019

Gainesville Fire-Rescue History and Station 3 replacement

Gainesville Fire-Rescue has a rich and fascinating history. When Gainesville was incorporated in 1873, one of the first acts of the City Council was to appoint a fire committee to inspect property and recommend elimination of fire hazards. In 1880, the first fire company was organized but it was not until 1885 that the fire department was formed and officers elected.

Gainesville's first municipal building was erected in 1884 at the total cost of \$7,643. It was designed to serve the city in a triple capacity - as city hall, fire station, and a jail or "calaboose." The first floor was the fire station, with storage room for the fire wagons and stalls for the horses. The harness for each pair of horses was suspended from the ceiling and, at the sound of the alarm, was dropped onto the horses for fast action.

Between 1897 and 1902, the population increased and the city recognized the need for a second fire station. The original second station became known as the East Fire Station and was located at the corner of Gribble and Morris Streets. Sometime between 1952 and 1955, Station 2 was rebuilt on the same property where the E. Ward School had been located.

In 1918, a new fire station and jail was completed at the corner of Rusk and Pecan St. The building was a two-story structure equipped with fire poles that the firefighters used to quickly slide from the second story living area to the bay where the fire trucks were kept. The poles, which have since been replaced, are still routinely used. This station also housed fire administration until 1999 & has served as the downtown sub-station since 1918.

In August of 1997, voters passed a bond election by a 2 to 1 margin for the construction of a new Public Safety Building. This facility was necessary due to the growth in the northern portion of the city as well as overcrowding in both facilities. On August 28, 1999, the 27,500 square foot facility opened.

On September 11th, 2011, an outdoor memorial was dedicated at Station 3 located in honor of those who were killed in the terrorist attack on our nation. Incorporated into this memorial is a certified artifact (piece of steel) from the World Trade Towers, the original 1882 preserved fire department bell. The memorial also remembers the 1931 line of duty deaths of two former Firefighters. This bell memorial also incorporates the rich history of the Gainesville Fire Department with bricks in the Maltese cross that honors retirees of the department.

In 2018, Gainesville Fire-Station 3 celebrated 100 years in-service to the citizens of Gainesville as the City's oldest continuously operated building in use since 1918. In the same year, City Council approved a bond for the purchase of land and construction of a new Fire Station 3. The new station was necessary to accommodate larger modern fire apparatus and due to significant growth in the city.

Construction began on the new Fire Station 3, located at 308 Culberson St, in 2019 at the cost of 2.7 million. The station features:

- 8,000 square ft. two-bay fire station
- Exercise room, kitchen, dining and living areas. Three individual bunk rooms adjacent to common locker room with private showers and restrooms
- Firefighter safety and security features
- Fitness Center

The 9/11 memorial, bell, and retiree monument was relocated to the new fire substation, which will open in 2020.



City of Gainesville, Texas

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

Prepared by
Finance Department

Fiscal Year Ended

September 30, 2019



Government Finance Officers Association

**Certificate of
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**City of Gainesville
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Gainesville, Texas
 Comprehensive Annual Financial Report
 September 30, 2019

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Introductory Section



February 26, 2020

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, 2019, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue an annual report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

Responsibility for both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with management. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation costs and benefits require estimates and judgements 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, 2019, and the auditor’s report is located at the front of the financial section of the Comprehensive Annual 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 the 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 years, a citywide election is held for the Mayor's position. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Secretary.

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

The City provides to its citizens a full range of services including police and fire protection, water and sewer service, solid waste disposal, park and recreational activities, special events, maintenance of streets, cemetery, and stormwater control maintenance. In addition, the City provides planning for future land use, traffic control, building inspection and code compliance, operates one eighteen-hole golf course, the Frank Buck Zoo, Leonard Park Aquatic Center, and a general aviation airport. Electric, gas, telephone, 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 nation's main north-south trade route that runs from Canada to Mexico, and US Highway 82, the major east/west corridor serving all of northern Texas from Texarkana to Amarillo. Gainesville's economic diversity ranges from being considered the capital of the world's quarter horse industry to manufacturing roofing materials. The City's municipal airport is home to one of the world's leading airplane seat manufacturers. The City of Gainesville's strategic location attracts business growth in service, distribution, and transportation. The extensive resources available to companies include the North Texas Medical Center, 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 (2.6% vs. 3.3% and 3.4% respectively). The new business development and diversity of economy are the main reasons for this lower unemployment rate. Gainesville's diversified employment center is fueled by the gaming industry in Oklahoma and by an increasingly trained workforce in various industries, including oil, gas, plastic molding, metal fabricating, metal finishing, aerospace, and agriculture. The following are significant programs, infrastructure, and business developments for fiscal year 2018-2019:

- Major development continues along I-35 between Highway 82 and California Street: First State Bank constructed a new Bank Headquarters and Operations center (\$18,000,000), Chik-fil-A completed its new restaurant (\$925,000), Fairfield Inn built a new hotel (\$3,037,000), Red River Stop Travel Center completed a facility (\$1,200,000). Outdoor Power Sports also completed an expansion and remodel (\$450,000). Burger King started construction on a new restaurant (\$550,000).
- The \$3,000,000 Grand Avenue Express Truck Stop started construction and anticipates completion during 2020.
- ORTEQ is continuing to construct a \$2.40 million, 23,287-square-foot manufacturing facility.

- Trident Process Systems added a \$2.60 million office expansion that is expected to be complete in the spring of 2020.
- The City’s total debt outstanding decreased by \$2.44 million or 5.37% in 2019.
- Approximately \$3.68 million was spent on Street Utility Maintenance Program (SUMP) in 2019.
- The City began construction on a \$2.10 million Fire Station to replace Fire Station 3.
- Gainesville’s net capital assets increased by \$6.73 million or 9.17% 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 for Debt Service Fund and 97% for the General Fund.

Allocation of Ad Valorem Taxes

The revenue to be received from current tax collections is distributed between the General Fund and Debt Service Fund according to the ratio for allocation that is set when the budget is adopted. Allocation of ad valorem tax revenues by purpose for fiscal year 2019 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	2019	2018	2017	2016	2015
General	0.479290	0.467740	0.432900	0.445595	0.443426
Debt Service	0.217000	0.254800	0.272130	0.252227	0.244396
Total	0.696290	0.722540	0.705030	0.697822	0.687822

For fiscal year 2019, the Total Assessed Taxable Value increased by \$72,798,133 or 7.03%.

Long-term Financial Planning

In order to provide the City with pertinent data to make decisions for multi-year policy direction, master plans have been developed with the help of third party consultants. The documents focus on City needs for twenty or more years. These plans provide reasonable long-term objectives and realistic costs (at the time of the study), but the plans do not set practical methods for funding the

improvements. In FY 2020, Gainesville signed agreements to create new water, sewer, drainage, and street master plans. The City also contracted for a study on impact fees, which could be implemented in FY 2021.

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 \$27.30 million (FY 2022 - \$7.63 million, FY 2026 - \$2.04 million, FY 2028 - \$1.87 million, FY 2030 – \$2.74, FY 2034 - \$4.20 million, FY 2036 - \$3.78 million, and FY 2037 - \$5.04 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 2020-2024 were approved by the City Council and are included in the fiscal year 2020 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 \$35.48 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$10.18 million or 28.69% and non-recurring at \$25.30 million or 71.31%.

Financial Policies

The City is required by ordinance to maintain a ninety (90) day reserve. At the close of fiscal year 2019, the City had a 198-day operating cash reserve for the General Fund. Detailed financial policies are included as part of the City's budget document and in the city ordinances.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. This was the twenty-eighth (28th) 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 ten 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 2020 budget document has been submitted, and we believe it meets the requirements to receive another award.

The preparation of the Comprehensive Annual Finance 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

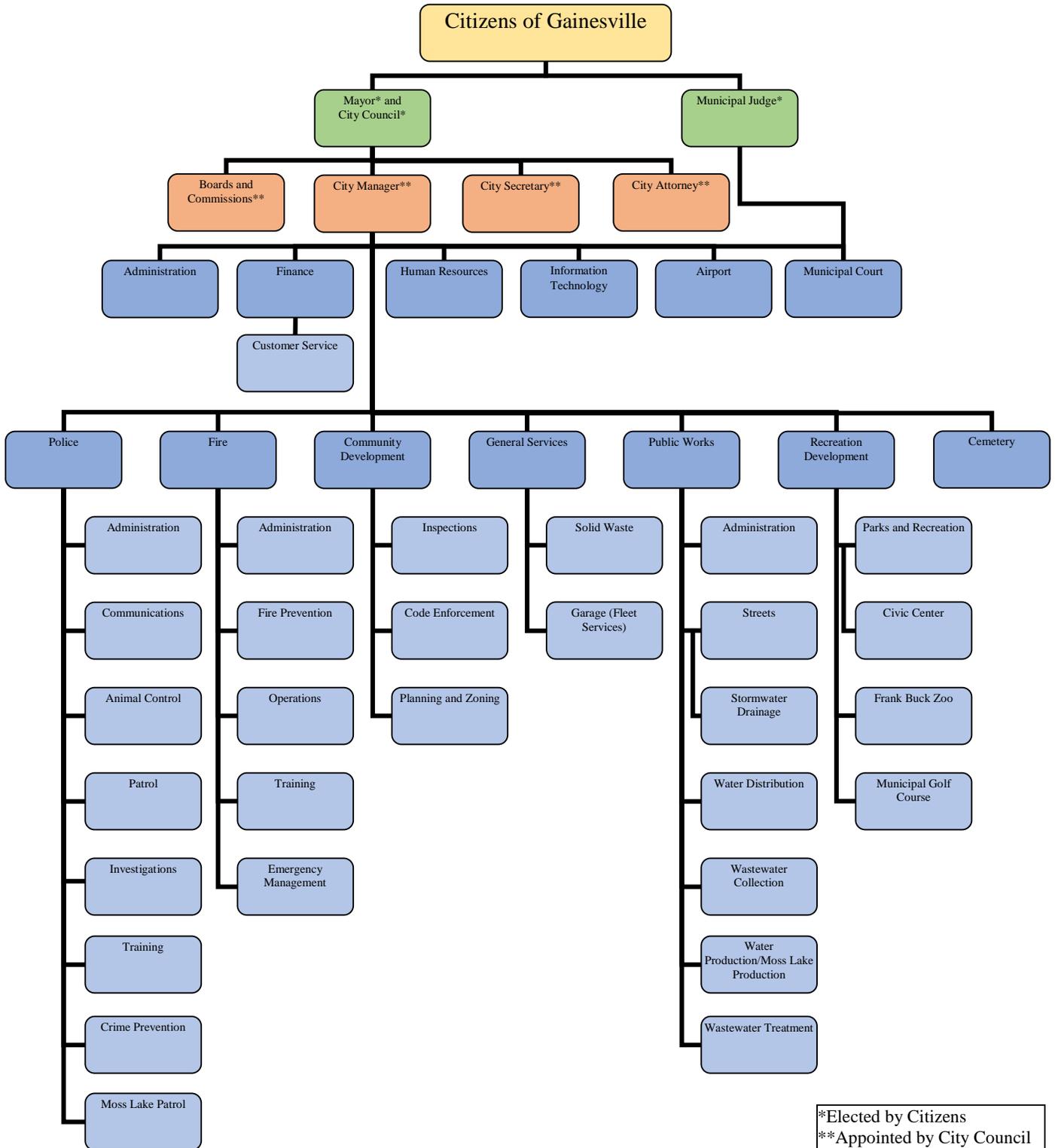


J.I. Johnson, CPA
Finance Director



Karen F. Dixon, CPA
Controller

City of Gainesville, Texas Organizational Chart



*Elected by Citizens
**Appointed by City Council

CITY OF GAINESVILLE, TEXAS
September 30, 2019

LIST OF PRINCIPAL OFFICIALS

Title	Name
Mayor *	Jim Goldsworthy
Council Member & Mayor Pro Tem*	Keith Clegg
Council Member*	Carolyn Hendricks
Council Member*	Ken Keeler
Council Member*	Tommy Moore
Council Member*	Mary Jo Dollar
Council Member*	Steve Gordon
City Manager**	Barry L. Sullivan
City Secretary **	Diana Alcala
City Attorney**	Bill Harris
Finance Director	J.I. Johnson
Police Chief	Kevin Phillips
Municipal Court Judge *	Chris Cypert
Fire Chief	Wayne Twiner
Director of Utilities	Ron Sellman
Community Services Director	Calvin Manuel
Director of Human Resources	Leah Gore
Airport Manager	David Vinton

* Denotes Elected Official

** Denotes Appointed by City Council



Financial Section



INDEPENDENT AUDITOR'S REPORT

City Council
City of Gainesville
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, 2019, 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, 2019, 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 and the required supplementary information, as 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.

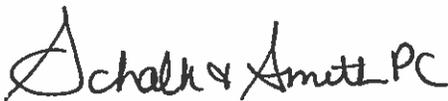
Other Information

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 February 21, 2020, 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.
Gainesville, Texas
February 21, 2020

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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, 2019. Please read the following 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 \$62,490,237 (net position) (pg. 7 and 24). Of this amount, \$11,380,023 or 18.2% is unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$3,602,598 or 6.1% (pg. 8) from last fiscal year's net position. The governmental net position increased \$959,338 or 3.2% and the business type activities increased \$2,643,260 or 9.3%.
- 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 at the close of Fiscal Year 2019 was \$9,013,407 (pg. 27) and of that amount \$8,724,690 is cash. This represents 198 days of operation. The City met its revised budget General Fund increase in fund balance of \$88,418 and transferred an excess amount of \$2,923,186 into the Assigned Projects Fund at year end.
- The City's total debt outstanding decreased by \$2,444,086 or 5.4% (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, 2019

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, Gainesville Economic Development Corporation, for which the City 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 24 through 26 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 government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable

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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 eighteen (18) 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 and the Assigned Projects 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 27 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 31 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 concerning the City's progress in funding its obligation to provide pension benefits to its employees. The notes begin on page 37 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

City of Gainesville, Texas
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progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information begins on page 79 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, 2019 were \$118,278,896; deferred outflows of resources were \$4,416,969, total liabilities were \$59,605,445, and deferred inflows of resources were \$600,183, resulting in a net position balance of \$62,490,237 (pg. 7 and 24). This is a 6.1% increase from the prior fiscal year.

The City's total net position equals \$62,490,237. A portion of the net position, \$6,433,394 or 10.3% represents resources that are subject to restrictions on how they may be used (pg. 7 and 24). The restricted net position has decreased over the prior year by \$622,530 or 8.8%. This decrease is recognition of construction in progress that is complete. Capital assets (land, buildings, machinery, and equipment) net of related debt total \$44,676,820 or 71.5% of total net position. This represents an increase of \$11,853,571 or 36.1% compared to the prior year. The second largest portion of the City's net position, \$11,380,023 or 18.2% of net position reflects unrestricted net position, which may serve the ongoing desires of its citizens.

The following table reflects the condensed Statement of Net Position as of September 30, 2019 (page 24):

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City of Gainesville, Texas
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Net Position

	Governmental Activities		Business Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$21,995,672	\$28,701,644	\$9,084,256	\$8,343,612	\$31,079,928	\$37,045,256
Restricted Cash	3,271,019	-	3,802,056	4,329,628	7,073,075	4,329,628
Capital Assets	33,156,919	29,830,269	46,968,974	43,566,179	80,125,893	73,396,448
Total Assets	58,423,610	58,531,913	59,855,286	56,239,419	118,278,896	114,771,332
Deferred Outflow of Resources Related to Pensions, OPEB, and Loss of Refunding	3,477,337	1,019,347	939,632	392,027	4,416,969	1,411,374
Long-term Liabilities Outstanding	26,008,496	23,955,234	26,774,333	24,972,199	52,782,829	48,927,433
Other Liabilities	3,974,458	3,998,111	2,848,158	2,982,326	6,822,616	6,980,437
Total Liabilities	29,982,954	27,953,345	29,622,491	27,954,525	59,605,445	55,907,870
Deferred Inflows of Resources Related to Pensions	514,733	1,153,993	85,450	233,204	600,183	1,387,197
Net Investment in Capital Assets	19,333,132	9,603,733	25,343,688	23,219,516	44,676,820	32,823,249
Restricted	6,433,394	7,055,924	-	-	6,433,394	7,055,924
Unrestricted	5,636,734	13,784,265	5,743,289	5,224,201	11,380,023	19,008,466
Total Net Position	\$31,403,260	\$30,443,922	\$31,086,977	\$28,443,717	\$62,490,237	\$58,887,639

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City of Gainesville, Texas
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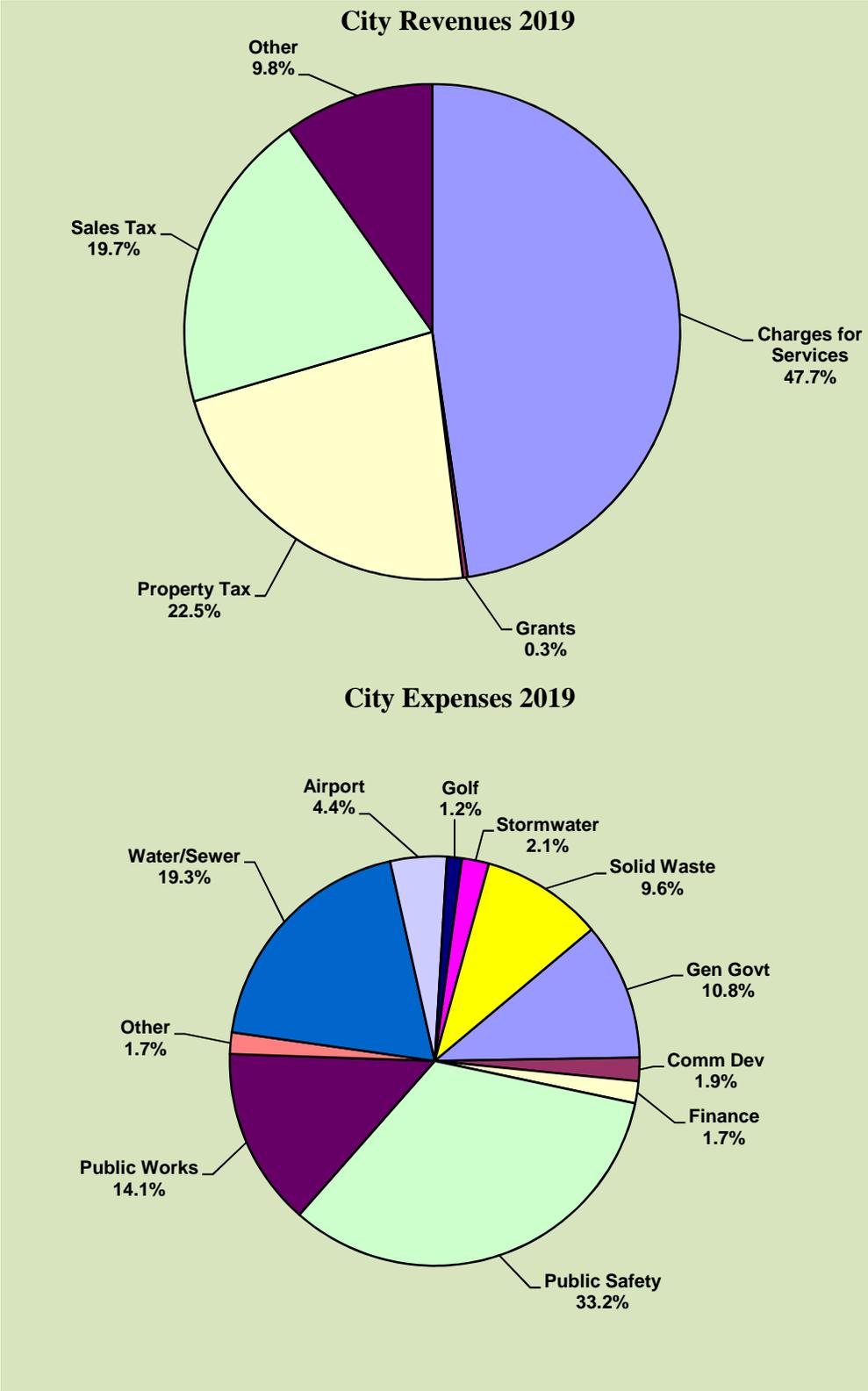
The following table provides a summary of the City's operations for the year ended September 30, 2019. Overall, the City had an increase in net position of \$3,602,598.

Changes in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Fines, Fees, and Charges for Services	\$2,181,878	\$2,291,002	\$15,159,160	\$15,483,436	\$17,341,038	\$17,774,438
Operating Grants & Contributions	79,290	398,314	28,941	21,448	108,231	419,762
General Revenues:						
Property Taxes	8,163,897	7,436,261	-	-	8,163,897	7,436,261
Sales Taxes	7,176,658	4,958,203	-	-	7,176,658	4,958,203
Other Taxes and Fees	2,030,139	1,992,681	-	-	2,030,139	1,992,681
Other Misc.	1,093,430	470,927	430,177	649,501	1,523,607	1,120,428
Total Revenues	20,725,292	17,547,388	15,618,278	16,154,385	36,343,570	33,701,773
Expenses:						
General Government	3,550,161	2,034,864	-	-	3,550,161	2,034,864
Community Development	606,461	564,677	-	-	606,461	564,677
Finance	570,144	473,764	-	-	570,144	473,764
Public Safety	10,855,628	9,333,202	-	-	10,855,628	9,333,202
Public Works	4,604,822	4,286,595	-	-	4,604,822	4,286,595
Interest on Long Term Debt	560,955	537,896	-	-	560,955	537,896
Bond Issuance Cost	-	60,538	-	-	-	60,538
Water & Sewer	-	-	6,302,691	6,072,866	6,302,691	6,072,866
Municipal Airport	-	-	1,454,466	1,446,481	1,454,466	1,446,481
Golf Course	-	-	389,876	320,271	389,876	320,271
Stormwater	-	-	695,052	547,183	695,052	547,183
Solid Waste	-	-	3,150,716	2,828,231	3,150,716	2,828,231
Total Expenses	20,748,171	17,291,536	11,992,801	11,215,032	32,740,972	28,506,568
Increase(Decrease)in Net Position Before Transfers	(22,879)	255,852	3,625,477	4,939,353	3,602,598	5,195,205
Transfers In (Out)	982,217	2,141,203	(982,217)	(2,141,203)	-	-
Increase(Decrease) in Net Position	959,338	2,397,055	2,643,260	2,798,150	3,602,598	5,195,205
Net Position 10/01	30,443,922	28,501,398	28,443,717	25,750,580	58,887,639	54,251,978
Cumulative Effect to Implement GASB75 Net Position 10/01	-	(454,531)	-	(105,013)	-	(559,544)
Restated 10/01	30,443,922	28,046,867	28,443,717	25,645,567	58,887,639	53,692,434
Net Position 09/30	\$31,403,260	\$30,443,922	\$31,086,977	\$28,443,717	\$62,490,237	\$58,887,639

**City of Gainesville, Texas
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The following graphs provide a summary of the operations for the year ended September 30, 2019.



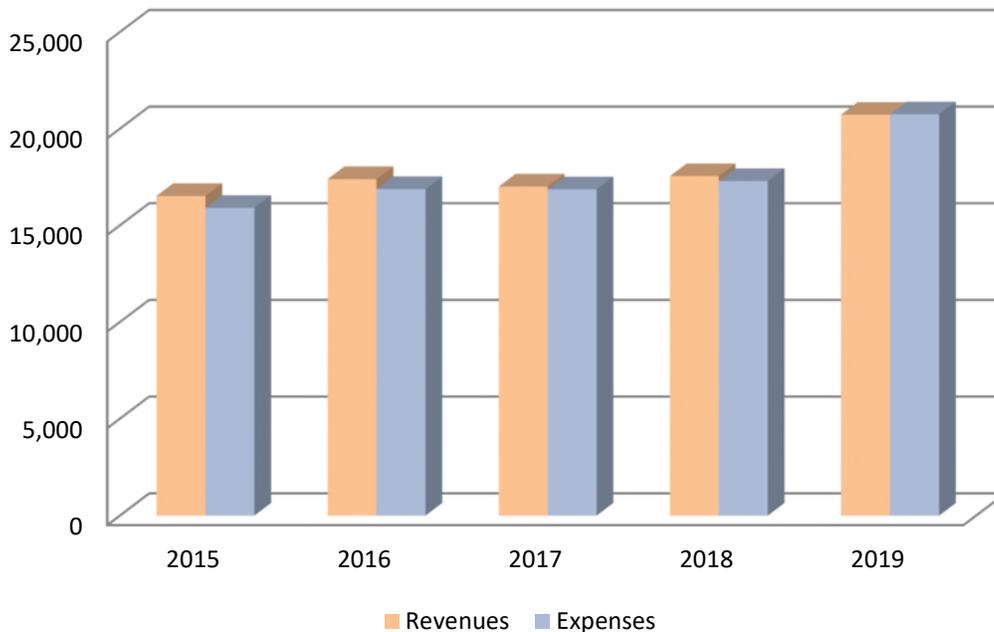
City of Gainesville, Texas
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Governmental Activities The statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the 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 from governmental activities increased over the prior year by a net amount of \$3,177,904, or 18.1%. Property taxes, the largest governmental revenue source, increased \$727,636 or 9.8% due to increased real property valuations, and sales taxes increased \$2,218,455 or 44.7% primarily as the result of a substantial refund of sales tax revenue that was required in fiscal year 2018 due to a multi-period sales tax audit. Expenses of governmental activities also grew over the prior year by an amount of \$3,456,635 or 20.0%. The most significant increases of the governmental activities resulted from a 5% across-the-board compensation increase for all City employees; an increase in the employee retirement benefits; and the City's decision to pay down the unfunded pension liability by \$177,602. The compensation increase started with the beginning of fiscal year 2019, while the increase in the retirement plan contribution became effective on January 1, 2019.

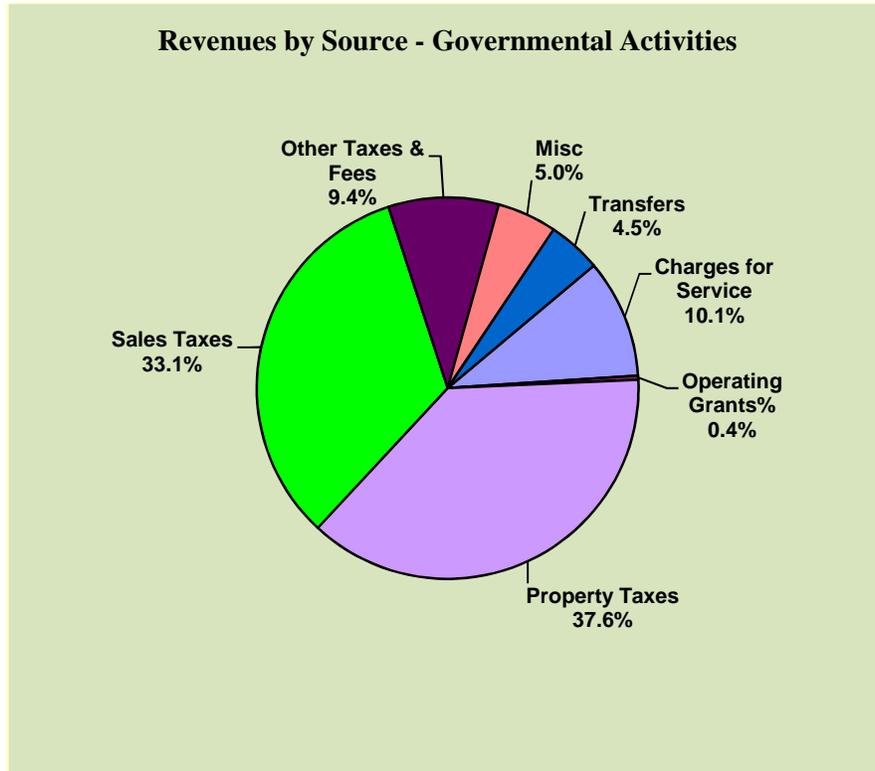
The following graph depicts the five-year history of the expenses and revenues.

Five Year History
(In Thousands)

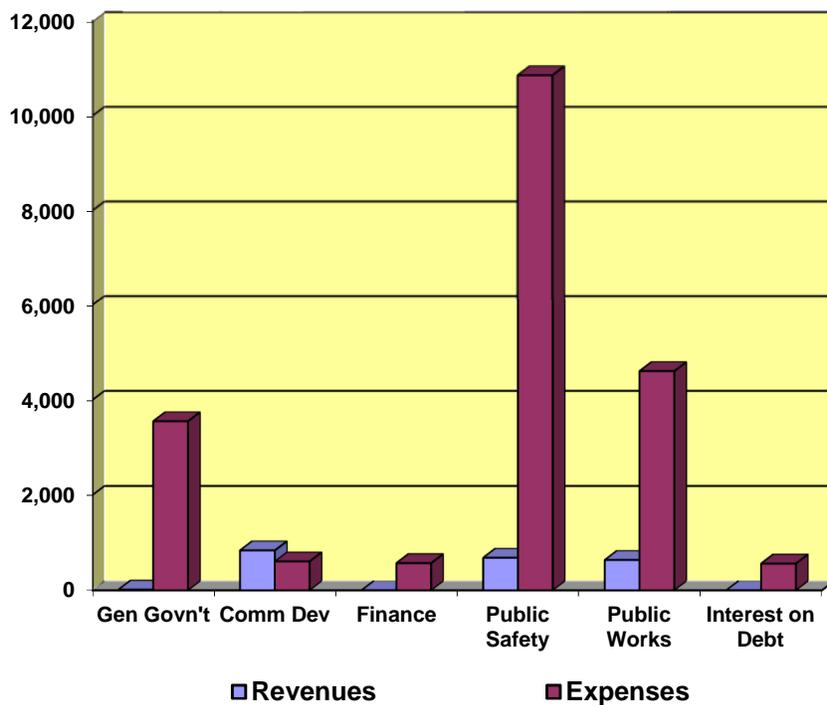


City of Gainesville, Texas
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The following graphs depict current year revenues and expenses by source.



(In thousands)



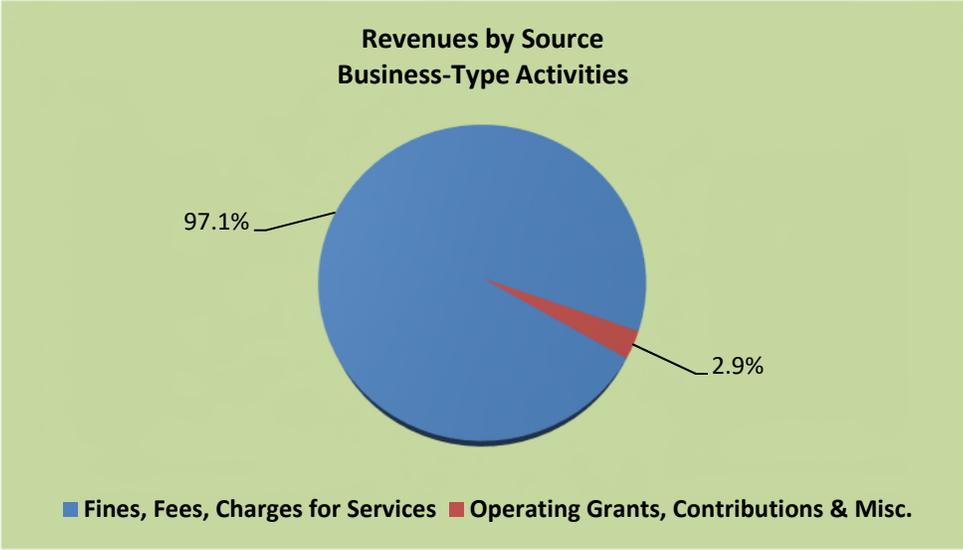
City of Gainesville, Texas
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Business-Type Activities. Total business-type activities increased net position by \$2,643,260 or 9.3%. Key elements to the change in net position are as follows:

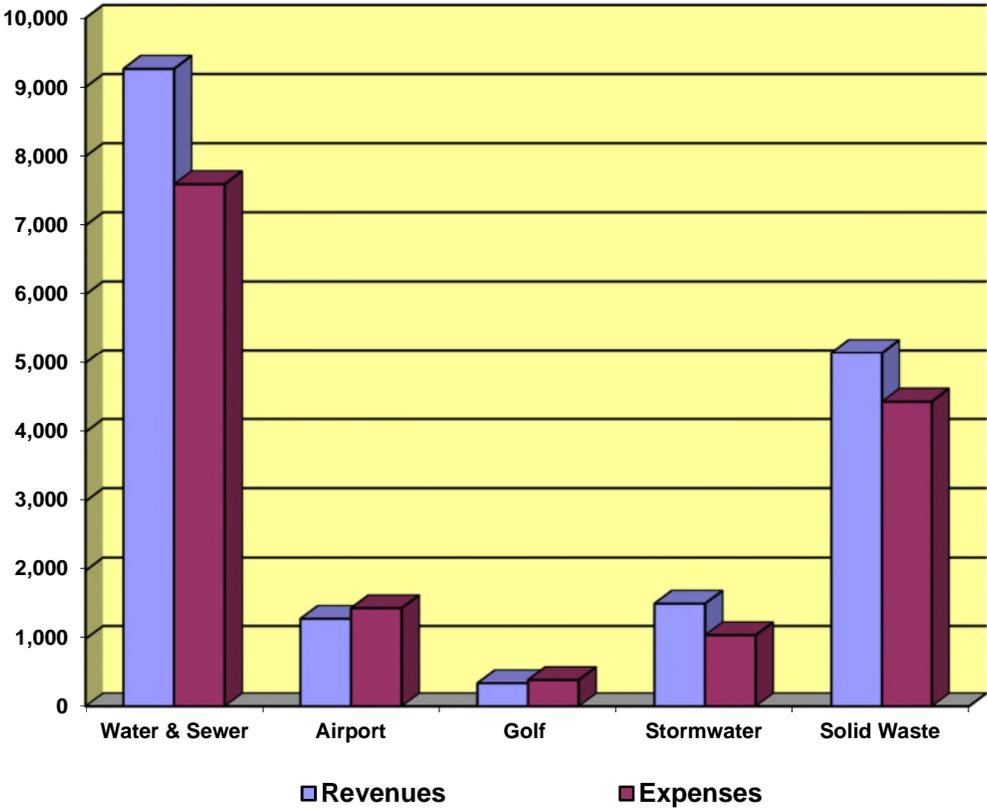
- Revenues decreased \$536,107 or 3.3%. Of this amount, fines, fees, and charges for services revenue decreased by \$324,276 or 2.1% as a result of decreases in program revenues for water and sewer, stormwater, and the City's golf course.
- Water Fund revenues decreased by \$248,091 or 2.9% compared to fiscal year 2018 due to decreases in residential and commercial water sales resulting from wetter weather conditions overall during the year.
- The revenues of the municipal airport increased \$37,808 or 3.1% due to increased fuel sales and other charges for services.
- Total revenues at the golf course decreased \$68,872 or 30.1% primarily due to a decrease in charges for services resulting from the wetter weather and other adverse factors.
- Total revenues in the Solid Waste Fund increased \$120,963 or 2.6% compared to the prior year primarily due to increases in extra pick-up fees and other miscellaneous revenue.
- Total revenues in the Stormwater Fund decreased \$4,746 or 0.5% due to decreased commercial storm water revenue.
- Total overall expenses in the proprietary funds increased by \$777,769 or 6.9% in fiscal year 2019 (page 8) primarily because of the across-the-board increase in employee salaries and the increase in the retirement contribution rate noted previously for the City's governmental activities.
- Because personnel is a significant cost factor of the City, all enterprise funds' 2019 operating expenses showed increases over the prior year 2018 totals predominantly as a result of the compensation and retirement increases. Water and Sewer Fund operating expenses increased \$206,267 or 3.7%. Solid Waste operating expenses increased by \$248,385 or 9.1%, and operating expenses at the golf course increased by \$79,594 or 25.7%. Operating expenses of the Stormwater Fund increased by \$102,570 or 22.7% due to the greater personnel costs and also an increased amount for depreciation expense. The Airport Fund's operating expenses likewise increased, but by a lesser amount of \$8,641 or 0.6% due to savings gained in other areas such as supplies; repairs and maintenance; and utility costs.
- Paid down \$45,400 of the unfunded pension liability for business type activities funds.

The net increase to the Water and Sewer Fund was \$1,669,040 or 17.1%. The net increase to the Solid Waste Fund was \$713,485 or 22.6%. The net decrease to the Municipal Airport Fund was \$157,478 or 5.5% mainly as a result of depreciation expense. The net increase to the Stormwater Fund was \$466,523 or 3.7% primarily due to a decrease in the amount of transfers made to the General Fund. The net decrease to the Golf Fund was \$48,310 as a result of the decrease in operating revenues coupled with the increase in expenses.

**City of Gainesville, Texas
 Management's Discussion and Analysis
 For the Year Ended September 30, 2019**



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



City of Gainesville, Texas
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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 \$22,496,395, a decrease from the prior year of \$3,414,014 or 13.2% (pg. 27 and 29). 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 40% of the fund balance or \$9,000,705 (pg. 27) constitutes the unassigned fund balance, which is reported in the General Fund and is 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 \$1,642,986 or 7.3%; Restricted \$4,803,110 or 21.4%; and Assigned \$7,049,594 or 31.3% (pg. 27).

The General Fund is the chief operating fund of the City. At the end of fiscal year 2019, the fund balance in the General Fund was \$9,013,407 (page 27 and 29), of which \$8,724,690 is in cash. There was a net increase in the General Fund fund balance of \$88,418 or approximately 1.0% for the year.

Key factors in increases or decreases of certain other governmental fund balances are:

- The Debt Service Fund is utilized for retirement of debt financed through taxes. This fund has a restricted fund balance of \$1,531,813 (pg. 91 and 95). It increased during the year by \$85,620 or 5.9%. A key factor in the increase of fund balance was a higher collection rate for property taxes than was budgeted. The expenditure decrease primarily occurred as the result of savings in debt service and related costs of \$248,250 or 11.7%.
- The Assigned Projects Fund has a restricted fund balance of \$4,880,738 (pg. 27 and 29). This fund balance increased during the year by \$2,146,955 or 78.5%. The City Council passed an ordinance at the end of 2019 directing excess revenues above the City's \$88,418 budgeted amount for the General Fund be transferred into the Assigned Projects Fund. The amount of this transfer was \$2,923,186.

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- The Cable Peg Fee Fund has a restricted fund balance of \$161,457 (pages 90 and 94). This represents a \$28,737 or 21.7% increase from the prior year. Revenues exceeded budget by \$13,237 or 85.4%, and, because this fund had no expenditures, there was a positive increase to fund balance (pg. 94).
- The 2018 CO Bond Fund, which was established for constructing a new fire station and continuing the City's SUMP for reconstructing streets, has a restricted fund balance of \$2,014,193 (page 91). Fund balance decreased by \$1,735,833 or 46.3% during Fiscal Year 2019 as a result of the capital outlay expended for the projects included in the fund.
- The Hotel/Motel Fund accounts for occupancy tax revenues and expenditures and shows an ending restricted fund balance of \$363,000 (pg. 89 and 93). This constitutes a \$213,082 or 142.1% fund balance increase from the prior year. For the year, occupancy tax revenue increased \$52,767 or 7.8% due significantly to a greater occupancy rate as well as an increase in the number of rooms available from new hotel properties. Additionally, transfers out of the fund in Fiscal Year 2019 were \$711,675 or 66.4% less than the prior year; however, as explained in the City's prior year financial statements, \$679,995 of the transfers made in Fiscal Year 2018 were to a construction project fund for improvements to the Farmers Market in order to transform it into a performance venue.

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. 31 through 36). The unrestricted net position of the Water and Sewer Fund is \$2,741,254; the Solid Waste Fund is \$2,127,856; Stormwater Utility Fund is \$691,642; Municipal Airport Fund is \$311,910; and the Golf Course Fund has an unrestricted net position of a negative \$129,373.

At fiscal year-end 2019, Gainesville's Water and Sewer Fund had an unrestricted cash balance of \$3,587,479. Solid Waste Fund cash balance was \$2,851,488. Stormwater Utility Fund cash was \$647,978. Airport Fund cash was \$439,825, and Golf Fund cash was \$305.

Business-type activities increased the City's net position by \$2,643,260 or 9.3% (pg. 8 and 34). Funds categorized as business-type activities that saw an increase in net position include Water and Sewer; Solid Waste; and Stormwater. Business-type activities that experienced a decrease in net position were the 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 \$1,669,040 or 17.1% (page 33) and an increase in net capital assets of \$2,415,106 or 10.2%.
- The Solid Waste Fund increased in net position by \$713,485 or 22.6% and had an increase in net capital assets of \$94,617 or 5.6%. Operating revenues increased \$48,747 or 1.1%.
- The Stormwater Fund experienced an increase in net position of \$466,523 or 3.7% due to the decrease in transfers made to the General Fund as noted previously. Additionally, its net capital assets also increased by \$1,076,094 or 6.9%.
- Net position of the municipal airport decreased by \$157,478 or 5.5% primarily due to depreciation expense totaling \$273,981. Total revenues did increase by \$37,808 or 3.1% while total operating expenses increased \$8,641 or 0.6% primarily due to increases in employee salaries and benefits.

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

- The Golf Course Fund's total net position decreased \$48,310 primarily because of the decrease in revenues noted previously.

General Fund Budgetary Highlights

For fiscal year 2019, the City budgeted an overall increase in the fund balance of the General Fund of \$88,418 (page 80). During 2019, however, actual General Fund revenues exceeded projections by more than \$2.7 million (page 80) while actual expenditures totaled \$76,358 less (page 81) than budgeted. As a result, at the close of fiscal year 2019, the City Council approved an ordinance directing that any excess funds in the General Fund greater than the City's budgeted amount of \$88,418 be placed into the City's Assigned Projects Fund. Accordingly, as of September 30, 2019, \$2,923,186 was transferred from the General Fund into the Assigned Projects Fund (page 29). This amount, along with other funds in the Assigned Projects Fund, will be used for additional capital improvements or projects going forward.

General Fund revenues in the original budget for fiscal year 2019 were conservatively increased in the final budget by only \$158,515 or just over 1% (page 79). However, the actual revenue total at year-end was more than the final budget by \$2,738,419 or 19.1%. Actual revenue finished greater than the final budget mainly due to higher than budgeted sales tax by \$1,830,397. In addition, ad valorem tax (\$255,434); service charges (\$120,049); beverage taxes (\$2,848); licenses and permits (\$123,267); fines and forfeitures (\$97,210); investment income (\$142,684); intergovernmental revenues (\$79,290); donations (\$2,602); and other income (\$113,879) all exceeded budget.

A comparison of actual expenditures to budget shows that out of the twenty departments in the General Fund, sixteen came in under budget for the fiscal year (page 80). As noted above, actual total expenditures for fiscal year 2019 were under the final budget by \$76,358 or 0.4%. Capital outlay ended the year over the final budget by \$487,678 or 66.2%. This overage can be solely accounted for by the capitalization of a \$724,383 fire truck that the City acquired through a capital lease purchase, the accounting treatment for which had not been contemplated in the original budget.

The four General Fund departments that had expenditures over budget for Fiscal Year 2019 were Human Resources (\$1,015), Information Technology (\$1,264), the Fire Department (\$121,520), and Frank Buck Zoo (\$33,611). The great majority of the Fire Department's budget overage (\$118,730 or 97.7%), as well as all the overages of Human Resources and Information Technology, is attributable to a management decision made in the final quarter of the year to buy back compensation time from eligible employees in order to reduce the City's total outstanding liability for accrued leave in addition to the aforementioned decision to pay down the unfunded pension liability. While a small amount of the overage at the zoo is also attributable to the leave buy-back, approximately \$25,000 of it was caused by other overages in employee salaries and benefits resulting from staff turnover in key positions.

Because of the ordinance approved by City Council at the close of the year, the actual ending fund balance of the General Fund is \$9,013,407 (page 80), which is exactly equal to the amount proposed in the City's final budget.

City of Gainesville, Texas
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Capital Asset and Debt Administration

The largest portion of the City's net position, \$44,676,820 or 71.5% (page 7), reflects its investment in capital assets (land, 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, 2019 amounts to \$80,125,893 net of accumulated depreciation (pg. 7 and 24). The City's net capital assets increased \$6,729,445 or 9.2%. This increase is comprised of an increase of \$3,326,650 or 11.2% from capital assets within governmental activities and increased capital assets of \$3,402,795 or 7.8% from the business-type activities.

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

- The City continued the street improvement project. Gainesville expended \$3,682,318 on SUMP projects in fiscal year 2019.
- Construction of the Wastewater Treatment Plant was completed during Fiscal Year 2019. The total asset amount placed into service was \$16,128,041.
- A project to renovate the Farmers Market by adding a performance venue continued during the year. Total costs of this project were \$2,223,695 as of year-end.
- The City began construction of a new fire station to replace Fire Station No. 3 during the year and anticipates its completion during the first half of Fiscal Year 2020. Total construction costs of the new station at September 30, 2019 were \$2,100,608.
- \$2,241,610 in capital assets in business-type activities were acquired during fiscal year 2019. \$8,070,672 in capital assets in governmental activities were acquired during the fiscal year.

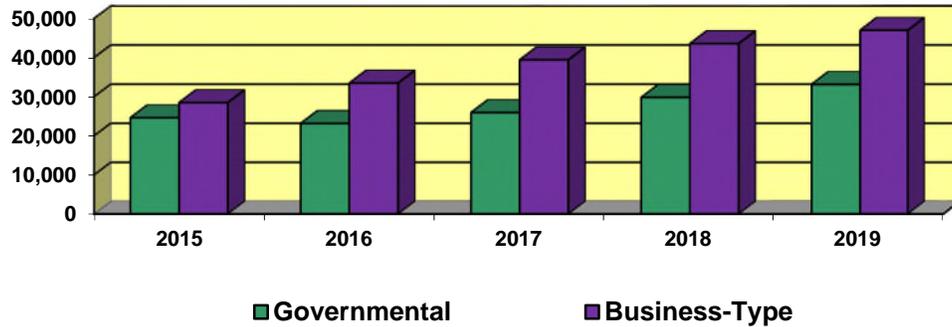
Additional information on the City's capital assets is found in note III D (pg. 50-53) of this report.

City of Gainesville
Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$4,329,306	\$3,802,267	\$7,589,115	\$7,131,759	\$11,918,421	\$10,934,026
Buildings	10,044,938	10,035,705	18,733,990	8,826,316	28,778,928	18,862,021
Improvements	90,534,987	88,368,830	44,033,762	38,587,658	134,568,749	126,956,488
Machinery & equipment	10,322,428	9,753,807	10,975,111	10,327,872	21,297,539	20,081,679
Construction in progress	9,482,451	8,406,320	78,464	11,476,825	9,560,915	19,883,145
Less accumulated depreciation	(91,557,191)	(90,536,660)	(34,441,468)	(32,784,251)	(125,998,659)	(123,320,911)
Total	\$33,156,919	\$29,830,269	\$46,968,974	\$43,566,179	\$80,125,893	\$73,396,448

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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

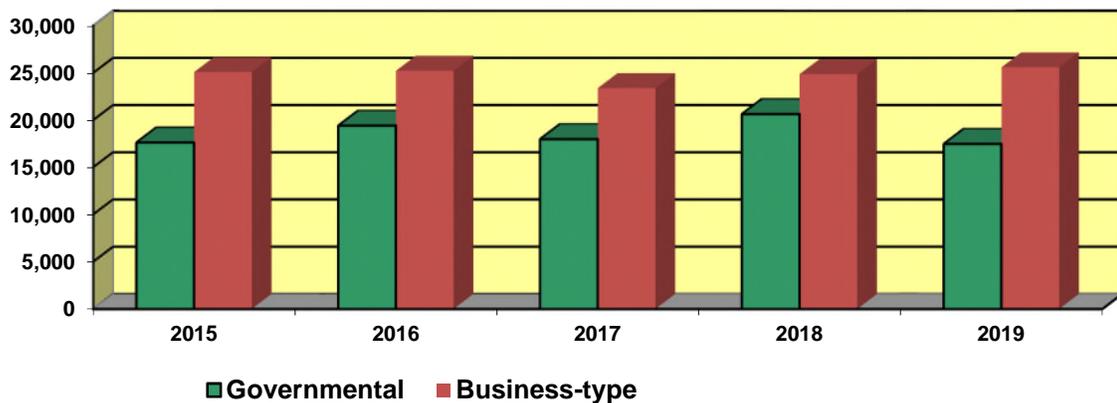


Long-Term Debt. As of September 30, 2019, the City of Gainesville had total debt outstanding of \$43,046,861 (see note III F, pg. 54-60). Of this amount, \$17,461,671 is in the governmental activities (pg. 54) and \$25,585,190 (pg. 57) is in the business-type activities. The City's total debt decreased \$2,444,086 or 5.4% during fiscal year 2019. This decrease is the result of \$2,890,000 in principal payments net of \$445,914 in changes to capital lease obligations and amortization of premiums on indebtedness.

City of Gainesville
Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$10,065,466	\$13,523,263	\$5,554,534	\$3,881,737	\$15,620,000	\$17,405,000
Certificates of obligation bonds	5,990,873	6,204,610	19,159,127	20,050,390	25,150,000	26,255,000
Premium/Disc. /Capital leases	1,405,332	900,419	871,529	930,528	2,276,861	1,830,947
Total	\$17,461,671	\$20,628,292	\$25,585,190	\$24,862,655	\$43,046,861	\$45,490,947

Outstanding Debt
Five Year History
(in thousands)



City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

For the 2019 fiscal year, the City retained a bond rating of “Aa3” with Moody and “AA-” with Standard & Poor. 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 of the City's long-term debt can be found in note III F of this report.

Economic Factors and Next Year's Budget and Rates

The continued focus of the City of Gainesville is to maintain unassigned fund balances that match the City's established requirements and goals. Gainesville has been able to do this over the past several years, which has allowed the City to start refocusing some attention to capital improvements using excess cash instead of debt. The fiscal year 2020 budget will utilize \$1,424,600 of excess cash from previous years to reconstruct portions of Broadway Street, Bird Street, Hancock Street, and to expand Woods Street (\$1,119,500). Gainesville will also purchase land (\$290,000) for City purposes and make some final updates to the Farmers Market (\$15,000).

The City's demolition program continues to create open space for additional commercial and residential infill development. Thirty-two (32) structures were demolished in Fiscal Year 2019. In Fiscal Year 2019, five (5) new houses completed construction on residential infill lots, while twelve (12) new houses began construction on residential infill lots. Because of the demand for housing, the program has seen an increase in the number of remodels for older and otherwise substandard residential structures. Fifteen (15) remodels on substandard residential structures were completed during the year, and two (2) more started. These new and remodeled homes constructed within established neighborhoods modernize residential areas and raise overall property tax values.

In addition to the redevelopment of residential neighborhoods, two subdivisions have experienced significant growth. The Vintage Square subdivision continues on its course toward build-out. This fiscal year, twenty-three (23) new houses were completed, and twenty-seven (27) houses began construction in the Vintage Square subdivision. Phase One of the Black Hill Farm subdivision contains forty-two (42) lots; two (2) houses were completed, and construction began on nine (9) more houses. Besides these two subdivisions, the infrastructure for Phase II of Black Hill Farm is under construction; the Aspen Addition is still under review for adequate infrastructure; and Big Ellum Estates has turned in a preliminary plat for a ninety-one (91) lot, mixed-use development.

Gainesville's commercial development continues to grow and reflects an increasingly diverse overall economy including non-petroleum businesses as indicated by the following projects:

- First State Bank's Headquarters and Operations Center (\$18,000,000), located at 1818 North I-35, was completed in the early spring of 2019.
- The Wesley House Assisted Living and Wesley Oaks Memory Care facility (\$7,000,000) located at 3291 East Broadway Street, was completed during the early spring of 2019.
- Outdoor Power Sports (\$450,000), located at 900 North I-35, was completed in 2019.
- The Fairfield Inn (\$3,037,000), located at 1300 North I-35, was completed during the summer of 2019.

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

- The Red River Stop Convenience Store (\$1,200,000), located at 1200 North I-35, was completed in the summer of 2019.
- ORTEQ's 23,287 square foot manufacturing facility (\$2,400,000) is still under construction with an anticipated completion during 2020.
- Chick-fil-A (\$925,000), located at 1001 W. Highway 82, was completed in the late spring of 2019.
- CZOC Housewares' 24,000 square foot facility (\$800,000) is still under construction with an anticipated completion during 2020.
- The Grand Avenue Express Truck Stop (\$3,000,000) is still under construction without an anticipated completion date.
- Murphy USA completed construction of a new 1400 square-foot gas station (\$1,750,000) in the late spring of 2019.
- Gainesville Self-Storage (\$406,397), located at 3222 Hwy 82, began construction of 5 new storage structures.
- AT&T Retail Center (\$1,200,000), located at 834 W. Hwy 82, began construction and anticipates completion during early 2020.
- Burger King (\$550,000), located at 1711 North I-35, began construction and anticipates completion in late 2019.
- Trident Process System (\$2,587,780), located at 2300 I-35, began construction and anticipates completion in early 2020.
- IFS Coatings submitted plans to construct a \$3,900,000, 41,200 square-foot warehouse building anticipated to be completed in 2020.
- Lil' Leopards Learning Ladder submitted plans to construct a \$992,000 daycare facility anticipated to be completed in 2020.

The City of Gainesville expects growth to continue next year but at a slower rate than in 2019. With the anticipated widening of I-35; the growth of the Winstar Casino just a few miles north of the City in Oklahoma; and the ever-expanding Dallas-Fort Worth Metroplex, Gainesville is poised to provide the perfect location for an influx of both residential and commercial growth.

General Fund

A major revenue source for the General Fund will continue to be the City's 1.25-cent sales tax. The current economic situation in Gainesville is good due to the aforementioned increases in commercial businesses and residential development. In the City's Fiscal Year 2020 budget, the City has projected to collect \$5,546,347 in sales taxes, net of any sales tax rebates. Although this amount is \$200,086 or 3.7% greater than the final budget for the prior year, it is still very conservative in that actual sales tax revenue for 2019 totaled \$1,830,397 more than budget. The City's approach to budgeting for this revenue is pragmatically conservative due to the unpredictability of sales tax revenues in general, and especially in light of the current slow down of the oil and gas industry.

The other largest revenue source for the General Fund is ad valorem (property) taxes. For the upcoming fiscal year, the City lowered its property tax rate from \$0.72254 to \$0.69629 per \$100 of property value. Despite the rate decrease, total ad valorem tax revenue (including delinquent penalties) is projected to increase over the prior year's final budget by \$311,299 or 4.0%. Total ad

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

valorem tax revenue (including delinquent penalties) is projected to be \$8,130,307. This total is divided between the General Fund (\$5,808,912) and the Debt Service Fund (\$2,321,395).

Enterprise Funds

The City's enterprise funds are Water and Sewer, Solid Waste, Stormwater Drainage Utility, Airport, and Golf. Revenues for all enterprise funds are projected to increase for 2020 in comparison to the 2019 final budget; however, budgeted revenues for Golf are actually projected to be less than the 2019 original budget. Overall revenues in the enterprise funds are conservatively estimated to increase by \$245,273 or 1.6% compared to the Fiscal Year 2019 budget. Enterprise fund expenses for 2020 are actually projected to be slightly less by \$68,599 or 0.4%. The decreased expenses are due to projected capital expense decreases for both funds as well as estimated fewer maintenance costs for Solid Waste resulting from a planned expansion and renovation of the City's transfer station facility.

Water and Sewer Fund

The new fiscal year revenues for the Water and Sewer Fund are estimated to be \$8,640,738, or an increase of \$286,672 or 3.4% over the City's actual sales during 2019 when it experienced wetter weather than anticipated. A transfer of \$1,304,468 will be made to the General Fund to pay for the administrative services and also to pay the franchise fee for use of City's right-of-way, which is required for all utility services that are located in the City and is required by the City Code.

Expenses, excluding transfers, are projected to decrease slightly by \$127,794 or 1.7% in Fiscal Year 2020 primarily as the result of lesser amounts projected for capital expenses. Fees charged to customers for Water and Sewer will be increased by 2% in Fiscal Year 2020.

Solid Waste Fund

Revenues for the Solid Waste Fund are conservatively projected to increase from the prior year final budget by \$35,654 or 0.8% while expenses, as mentioned above, are expected to decrease by \$192,845 or 4.3%. Fees for this fund will be increased by 3% in 2020.

Airport Fund

Fiscal Year 2020 revenues for the Airport Fund are projected to increase by \$130,439 or 10.7%. Similarly, expenses are also projected to increase by \$131,028 or 10.8% from the prior year's final budget. Fuel sales at the airport continue to be strong due to the City's geographic location and exceeded the 2019 final budget by \$150,626 or 16.4%; however, City management elected to budget these revenues, along with the corresponding costs of fuel sales, more conservatively for the upcoming 2020 year because of the slowing oil and gas business.

Other Funds

Stormwater Drainage's revenues for the new 2020 year are projected to be \$23,029 or 1.9% above the 2019 final budget. Additionally, Golf also has projected revenues for 2020 that are \$9,403 or 2.5% greater than the 2019 final budget, although the total revenue projection is less than the original amount budgeted for Fiscal Year 2019. Total expenses for these funds are projected to increase by \$54,950 or 3.6% in comparison to the 2019 final budget. The most significant factor in this expense increase is due to capital expenses included in the Stormwater Drainage Fund's budget for 2020.

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Additional information

The Fiscal Year 2020 budget includes personnel “pay-for-performance” programs. Gainesville’s compensation plan is designed to accomplish two goals – (1) to compensate all employees in direct relation to the value of their position on the external competitive market; and (2) to compensate employees based upon their individual job contributions to the City.

In Fiscal Year 2019, the City’s budget included an increase in the employee portion of retirement funding up to 6% of employee pay beginning in January 2019. The City was required to increase its match from 9.79% to 12.29% when the new plan went into effect. Gainesville is paying the full matching rate for the Texas Municipal Retirement System.

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 Fiscal Year 2020 are projected to be \$9.35 million. Operating funds in the 2020 budget will cover \$3.74 million in capital expenditures remaining amounts covered by debt service funds, long-term contracts, and project funds established from previous budgets. Among the capital expenditures projects included in the City’s operating budget for Fiscal Year 2020 are the following:

- \$290,000 has been budgeted to purchase approximately 29 acres of land off of Radio Hill Road.
- The Police Department will purchase three patrol vehicles at an estimated total cost of \$141,174.
- The Fire Department will procure communications equipment and self-contained breathing apparatus for a budgeted total of \$72,000.
- Also impacting the Fiscal Year 2020 budget, the Fire and Police Departments will continue to make the annual required payments (\$180,860) for a fire truck and body camera systems that were first acquired during Fiscal Years 2018-2019.
- The Airport Fund has budgeted \$166,667 for the City’s share of runway and taxiway rehabilitation projects under a grant program administered by the Texas Department of Transportation.
- The Stormwater Fund has budgeted \$45,000 for the purchase of vehicles, machinery, and other equipment.
- \$130,000 in Fiscal Year 2020 budgeted funds have been allocated to address a drainage issue on Field Street, between Potter and Perry Streets, and to update the City’s stormwater plan.
- The Water and Sewer Fund will spend \$120,000 to purchase automated water meters and hydrants.
- The Water and Sewer Fund has also budgeted \$155,140 in connection with an ongoing program for capital maintenance of the City’s various water towers and tanks.

City of Gainesville, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2019

- The Solid Waste Fund budgeted \$189,800 for a new roll-off truck; however, the amount was subsequently reallocated for the purchase of a replacement for an existing long-haul tractor trailer truck.
- Solid Waste has also budgeted an additional \$17,000 approximately for the purchase of new and replacement carts for the City's waste customers.

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Basic
Financial Statements

CITY OF GAINESVILLE, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	PRIMARY GOVERNMENT			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash	\$ 19,643,639	\$ 7,527,075	\$ 27,170,714	\$ 1,689,297
Investments	-	-	-	500,000
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,457,582	-	1,457,582	224,606
Service	-	1,491,598	1,491,598	-
Other	881,749	65,583	947,332	-
Inventories	12,702	-	12,702	-
Total Current Assets	<u>21,995,672</u>	<u>9,084,256</u>	<u>31,079,928</u>	<u>2,413,903</u>
Noncurrent Assets:				
Restricted Assets				
Cash	3,271,019	3,802,056	7,073,075	-
Non-depreciable Capital Assets	13,811,757	7,667,579	21,479,336	1,404,032
Other Capital Assets (net)	19,345,162	39,301,395	58,646,557	2,643,901
Total Noncurrent Assets	<u>36,427,938</u>	<u>50,771,030</u>	<u>87,198,968</u>	<u>4,047,933</u>
TOTAL ASSETS	<u>58,423,610</u>	<u>59,855,286</u>	<u>118,278,896</u>	<u>6,461,836</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	366,865	157,848	524,713	-
Deferred Outflows Related to Pension-TMRS	3,067,363	771,828	3,839,191	75,427
Deferred Outflows Related to Pension-TESRS	18	-	18	-
Deferred Outflows Related to OPEB	43,091	9,956	53,047	1,060
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,477,337</u>	<u>939,632</u>	<u>4,416,969</u>	<u>76,487</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,840,566	529,121	2,369,687	1,768
Accrued Expense	455,433	157,489	612,922	16,825
Interest Payable	78,036	103,047	181,083	-
Deposits	29,499	248,415	277,914	1,500
Current Portion-Long Term Debt	1,570,924	1,810,086	3,381,010	193,700
Total Current Liabilities	<u>3,974,458</u>	<u>2,848,158</u>	<u>6,822,616</u>	<u>213,793</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	278,582	41,850	320,432	3,527
Postclosure Care Costs	-	685,239	685,239	-
Net Pension Liability-TMRS	9,303,270	2,149,380	11,452,650	228,769
Net Pension Liability-TESRS	4,547	-	4,547	-
Net OPEB Liability	531,350	122,760	654,110	13,066
Long-Term Debt	15,890,747	23,775,104	39,665,851	1,149,510
Total Noncurrent Liabilities	<u>26,008,496</u>	<u>26,774,333</u>	<u>52,782,829</u>	<u>1,394,872</u>
TOTAL LIABILITIES	<u>29,982,954</u>	<u>29,622,491</u>	<u>59,605,445</u>	<u>1,608,665</u>
DEFERRED INTFLOWS OF RESOURCES RELATED TO PENSIONS				
Deferred Inflows Related to Pension-TMRS	486,067	78,888	564,955	11,952
Deferred Inflows Related to Pension-TESRS	264	-	264	-
Deferred Inflows Related to OPEB	28,402	6,562	34,964	698
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>514,733</u>	<u>85,450</u>	<u>600,183</u>	<u>12,650</u>
NET POSITION				
Net Investment in Capital Assets	19,333,132	25,343,688	44,676,820	2,704,723
Restricted for:				
Debt Service	1,531,813	-	1,531,813	-
Construction	2,639,583	-	2,639,583	-
Tourism & the Arts	363,000	-	363,000	-
Cemetery (nonexpendable)	1,630,284	-	1,630,284	-
Other	268,714	-	268,714	-
Unrestricted	5,636,734	5,743,289	11,380,023	2,212,285
TOTAL NET POSITION	<u>\$ 31,403,260</u>	<u>\$ 31,086,977</u>	<u>\$ 62,490,237</u>	<u>\$ 4,917,008</u>

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, 2019

FUNCTIONS/ACTIVITY	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION			COMPONENT UNIT
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Primary Government:							
Governmental Activities							
General Government	\$ 3,550,161	\$ 25,719	\$ -	\$ (3,524,442)	\$ -	\$ (3,524,442)	\$ -
Community Development	606,461	837,068	-	230,607	-	230,607	-
Finance	570,144	-	-	(570,144)	-	(570,144)	-
Public Safety	10,855,628	682,857	79,290	(10,093,481)	-	(10,093,481)	-
Public Works	4,604,822	636,234	-	(3,968,588)	-	(3,968,588)	-
Interest on Long-Term Debt	560,955	-	-	(560,955)	-	(560,955)	-
Total Governmental Activities	20,748,171	2,181,878	79,290	(18,487,003)	-	(18,487,003)	-
Business-Type Activities							
Water and Sewer	6,302,691	8,227,772	-	-	1,925,081	1,925,081	-
Municipal Airport	1,454,466	1,233,917	28,941	-	(191,608)	(191,608)	-
Golf Course	389,876	159,047	-	-	(230,829)	(230,829)	-
Stormwater	695,052	917,858	-	-	222,806	222,806	-
Solid Waste	3,150,716	4,620,566	-	-	1,469,850	1,469,850	-
Total Business-Type Activities	11,992,801	15,159,160	28,941	-	3,195,300	3,195,300	-
Total Primary Government	\$ 32,740,972	\$ 17,341,038	\$ 108,231	\$ (18,487,003)	\$ 3,195,300	\$ (15,291,703)	\$ -
Component Unit:							
Gainesville Economic Development Corp.	\$ 2,664,014	\$ 396,609	\$ -	\$ -	\$ -	\$ -	\$ (2,267,405)
General Revenues:							
Taxes							
Property Taxes				\$ 8,163,897	\$ -	8,163,897	\$ -
Sales Taxes				7,176,658	-	7,176,658	1,506,276
Franchise Fees				1,261,622	-	1,261,622	-
Occupancy Taxes				729,842	-	429,842	-
Mixed Beverage Taxes				38,675	-	38,675	-
Investment Income				607,236	252,792	607,236	16,011
Donations				121,763	-	121,763	-
Miscellaneous				364,431	177,385	364,431	1,250
Transfers In (Out) between Governmental and Business-Type Activities				982,217	(982,217)	982,217	-
Total General Revenues and Transfers				19,446,341	(552,040)	19,146,341	\$ 1,523,537
Change in Net Position				959,338	2,643,260	3,602,598	(743,868)
Net Position-October 1				30,443,922	28,443,717	58,887,639	5,660,876
Net Position-September 30				\$ 31,403,260	\$ 31,086,977	\$ 62,490,237	\$ 4,917,008



Fund Financial Statements



Governmental Fund
Financial Statements

CITY OF GAINESVILLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	MAJOR FUNDS			TOTAL
	GENERAL FUND	ASSIGNED PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	
ASSETS:				
Cash	\$ 8,724,690	\$ 4,880,738	\$ 9,309,230	\$ 22,914,658
Investments	-	-	-	-
Receivables (Net of Allowances for Uncollectible)				
Taxes	1,393,158	-	64,424	1,457,582
Other	796,735	-	85,014	881,749
Inventory	12,702	-	-	12,702
Due from Other Funds	-	-	-	-
Interfund Receivable	-	-	-	-
TOTAL ASSETS	10,927,285	4,880,738	9,458,668	25,266,691
LIABILITIES:				
Accounts Payable	\$ 769,991	\$ -	\$ 791,994	\$ 1,561,985
Accrued Payroll & Benefits	455,433	-	-	455,433
Funds Held for Others	29,499	-	-	29,499
Interfund Payable	-	-	-	-
TOTAL LIABILITIES	1,254,923	-	791,994	2,046,917
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	658,955	-	64,424	723,379
FUND BALANCES:				
Nonspendable:				
Inventories	12,702	-	-	12,702
Cemetery	-	-	1,630,284	1,630,284
Restricted:				
Debt Service	-	-	1,531,813	1,531,813
Construction	-	-	2,639,583	2,639,583
Tourism and the Arts	-	-	363,000	363,000
Other	-	-	268,714	268,714
Assigned:				
Construction	-	-	2,146,010	2,146,010
Other	-	4,880,738	22,846	4,903,584
Unassigned	9,000,705	-	-	9,000,705
TOTAL FUND BALANCES	9,013,407	4,880,738	8,602,250	22,496,395
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 10,927,285	\$ 4,880,738	\$ 9,458,668	\$ 25,266,691

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

CITY OF GAINESVILLE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
September 30, 2019

Total Fund Balance - Total Governmental Funds	\$ 22,496,395
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.	723,379
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 \$91,557,191.	33,156,919
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.	(78,036)
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.	(16,690,654)
Costs associated with long term debt are not reported in the governmental funds balance sheets.	
Deferred Loss on Early Extinguishment of Debt	366,865
Premium on Bonds	(771,017)
Compensated absences are not reported as liabilities in the governmental fund balance sheet.	(557,163)
Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of (\$9,307,817), a deferred resource inflow in the amount of (\$486,331) and a deferred resource outflow in the amount of \$3,067,381. This resulted in a decrease in net position by (\$6,726,767).	(6,726,767)
Included in the noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of (\$531,350), a deferred resource inflow in the amount of (\$28,402) and a deferred outflow in the amount of \$43,091. This resulted in a decrease in net position by (\$516,661).	(516,661)
Net Position of Governmental Activities	<u>\$ 31,403,260</u>

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, 2019

	<u>MAJOR FUNDS</u>		<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
	<u>GENERAL</u>	<u>ASSIGNED PROJECTS FUND</u>		
REVENUES:				
Taxes				
Ad Valorem Taxes	\$ 5,822,019	\$ -	\$ 2,328,999	\$ 8,151,018
Sales Taxes	7,176,658	-	-	7,176,658
Franchise Tax	1,261,622	-	-	1,261,622
Occupancy Tax	-	-	729,842	729,842
Mixed Beverage Tax	38,675	-	-	38,675
Service Charges	1,035,549	-	15,017	1,050,566
License & Permits	422,736	-	25,719	448,455
Fines & Forfeitures	546,960	-	42,662	589,622
Investment Income	270,684	49,340	287,212	607,236
Intergovernmental Revenues	79,290	-	-	79,290
Donations	121,763	-	-	121,763
Other Income	301,410	-	63,021	364,431
TOTAL REVENUES	<u>17,077,366</u>	<u>49,340</u>	<u>3,492,472</u>	<u>20,619,178</u>
EXPENDITURES:				
Current				
General Government	1,644,884	24,200	277,633	1,946,717
Community Development	571,592	-	-	571,592
Finance	534,994	-	-	534,994
Public Safety	9,570,973	-	23,966	9,594,939
Public Works	3,555,487	-	5,520	3,561,007
Non-Departmental	808	-	-	808
Debt Service				
Principal	156,066	-	1,185,787	1,341,853
Interest and Other Charges	24,794	-	581,498	606,292
Debt Issuance Costs	-	-	-	-
Capital Outlay	1,224,674	235,057	6,610,941	8,070,672
TOTAL EXPENDITURES	<u>17,284,272</u>	<u>259,257</u>	<u>8,685,345</u>	<u>26,228,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(206,906)</u>	<u>(209,917)</u>	<u>(5,192,873)</u>	<u>(5,609,696)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of Debt	634,383	-	-	634,383
Funds Transferred In	3,299,205	2,923,186	526,622	6,749,013
Funds Transferred Out	(3,638,264)	(566,314)	(983,136)	(5,187,714)
TOTAL OTHER FINANCING SOURCES (USES):	<u>295,324</u>	<u>2,356,872</u>	<u>(456,514)</u>	<u>2,195,682</u>
NET CHANGE IN FUND BALANCES	88,418	2,146,955	(5,649,387)	(3,414,014)
FUND BALANCE - October 1	8,924,989	2,733,783	14,251,637	25,910,409
FUND BALANCE - September 30	<u>\$ 9,013,407</u>	<u>\$ 4,880,738</u>	<u>\$ 8,602,250</u>	<u>\$ 22,496,395</u>

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

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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ (3,414,014)
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.	8,070,672
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.	-
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	(34,891)
Amortization of Bond Premium	(26,599)
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.	(1,640,003)
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.	202,340
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.	28,716
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.	707,467
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.	106,114
During the current fiscal year, the 2014 COs and associated fixed assets were transferred to the proprietary funds.	(573,554)
Recorded loss on disposal of capital assets	(44,712)
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 12/31/18 caused the change in the ending net position to increase in the amount of \$1,046,232. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$627,954). The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by (\$2,811,782). The result of these changes is to decrease the change in net position by (\$2,393,504).	(2,393,504)
The implementation of GASB 75 required that certain expenditures be de-expensed and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/18 caused the change in the ending net position to increase in the amount of \$17,638. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$13,764). The City's reported TMRS net OPEB expense had to be recorded. The net OPEB expense decreased the change in net position by (\$32,568). The result of these changes is to increase the change in net position by (\$28,694).	(28,694)
Change in Net Position of Governmental Activities	\$ 959,338

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, 2019

	WATER & SEWER	MUNICIPAL AIRPORT	SOLID WASTE	STORMWATER	OTHER ENTERPRISE FUNDS GOLF FUND	TOTAL
ASSETS						
Cash	\$ 3,587,479	\$ 439,825	\$ 2,851,488	\$ 647,978	\$ 305	\$ 7,527,075
Receivables (Net of Allowances for Uncollectible)						-
Service	796,543	4,577	584,227	106,251	-	1,491,598
Other	65,583	-	-	-	-	65,583
Total Current Assets	<u>4,449,605</u>	<u>444,402</u>	<u>3,435,715</u>	<u>754,229</u>	<u>305</u>	<u>9,084,256</u>
Noncurrent Assets:						
Restricted Assets:						
Cash	-	-	3,802,056	-	-	3,802,056
Non-depreciable Capital Assets	114,517	171,186	25,353	7,338,590	17,933	7,667,579
Other Capital Assets (net)	25,940,450	2,283,873	1,758,582	9,221,782	96,708	39,301,395
Total Noncurrent Assets	<u>26,054,967</u>	<u>2,455,059</u>	<u>5,585,991</u>	<u>16,560,372</u>	<u>114,641</u>	<u>50,771,030</u>
TOTAL ASSETS	<u>30,504,572</u>	<u>2,899,461</u>	<u>9,021,706</u>	<u>17,314,601</u>	<u>114,946</u>	<u>59,855,286</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Refunding	53,282	3,978	45,926	50,369	4,293	157,848
Deferred Outflow Related to Pension	454,515	35,449	213,124	20,061	48,679	771,828
Deferred Outflow Related to OPEB	5,863	457	2,749	259	628	9,956
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>513,660</u>	<u>39,884</u>	<u>261,799</u>	<u>70,689</u>	<u>53,600</u>	<u>939,632</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	360,718	46,277	108,502	1,483	12,141	529,121
Accrued Expense	89,652	9,510	41,698	3,614	13,015	157,489
Interest Payable	70,889	245	15,291	16,500	122	103,047
Customer Deposits	237,784	-	10,631	-	-	248,415
Revenue Bonds Payable-Current Portion	1,115,715	21,403	304,220	360,974	7,774	1,810,086
Total Current Liabilities	<u>1,874,758</u>	<u>77,435</u>	<u>480,342</u>	<u>382,571</u>	<u>33,052</u>	<u>2,848,158</u>
Noncurrent Liabilities:						
Accrued Compensated Absences	21,345	4,086	11,371	32	5,016	41,850
Postclosure Care Costs Payable	-	-	685,239	-	-	685,239
Net Pension Liability	1,265,730	98,718	593,506	55,866	135,560	2,149,380
Net OPEB Liability	72,291	5,638	33,898	3,191	7,742	122,760
Revenue Bonds Payable	16,280,956	41,842	3,578,058	3,851,527	22,721	23,775,104
Total Noncurrent Liabilities	<u>17,640,322</u>	<u>150,284</u>	<u>4,902,072</u>	<u>3,910,616</u>	<u>171,039</u>	<u>26,774,333</u>
TOTAL LIABILITIES	<u>19,515,080</u>	<u>227,719</u>	<u>5,382,414</u>	<u>4,293,187</u>	<u>204,091</u>	<u>29,622,491</u>
DEFERRED INFLOW OF RESOURCES						
Deferred Inflow Related to Pension	46,456	3,623	21,784	2,050	4,975	78,888
Deferred Inflow Related to OPEB	3,864	301	1,812	171	414	6,562
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>50,320</u>	<u>3,924</u>	<u>23,596</u>	<u>2,221</u>	<u>5,389</u>	<u>85,450</u>
NET POSITION						
Net Investment in Capital Assets	8,711,578	2,395,792	1,749,639	12,398,240	88,439	25,343,688
Unrestricted	2,741,254	311,910	2,127,856	691,642	(129,373)	5,743,289
TOTAL NET POSITION	<u>\$ 11,452,832</u>	<u>\$ 2,707,702</u>	<u>\$ 3,877,495</u>	<u>\$ 13,089,882</u>	<u>\$ (40,934)</u>	<u>\$ 31,086,977</u>

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

CITY OF GAINESVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>WATER & SEWER</u>	<u>MUNICIPAL AIRPORT</u>	<u>SOLID WASTE</u>	<u>STORMWATER</u>	<u>OTHER ENTERPRISE FUNDS GOLF FUND</u>	<u>TOTAL</u>
OPERATING REVENUES						
Charges for Services	\$ 8,227,772	\$ 1,233,917	\$ 4,620,566	\$ 917,858	\$ 159,047	\$ 15,159,160
Grant Revenue	-	28,941	-	-	-	28,941
Other Income	126,294	-	50,411	-	680	177,385
TOTAL OPERATING REVENUES	<u>8,354,066</u>	<u>1,262,858</u>	<u>4,670,977</u>	<u>917,858</u>	<u>159,727</u>	<u>15,365,486</u>
OPERATING EXPENSES						
Salaries and Benefits	2,171,137	164,836	1,019,775	111,082	268,832	3,735,662
Supplies, Materials, Repair and Maintenance	750,089	951,079	432,568	23,161	52,368	2,209,265
Heat, Light and Power	400,586	16,680	9,738	-	11,237	438,241
Lease Payments	968,253	13,000	-	-	-	981,253
Other	515,065	32,566	1,258,497	34,459	48,523	1,889,110
Depreciation	966,245	273,981	268,046	385,975	7,753	1,902,000
TOTAL EXPENSES	<u>5,771,375</u>	<u>1,452,142</u>	<u>2,988,624</u>	<u>554,677</u>	<u>388,713</u>	<u>11,155,531</u>
OPERATING INCOME (LOSS)	<u>2,582,691</u>	<u>(189,284)</u>	<u>1,682,353</u>	<u>363,181</u>	<u>(228,986)</u>	<u>4,209,955</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	87,046	8,664	143,407	13,675	-	252,792
Interest Expense	(531,316)	(2,324)	(162,092)	(140,375)	(1,163)	(837,270)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(444,270)</u>	<u>6,340</u>	<u>(18,685)</u>	<u>(126,700)</u>	<u>(1,163)</u>	<u>(584,478)</u>
INCOME BEFORE TRANSFERS	<u>2,138,421</u>	<u>(182,944)</u>	<u>1,663,668</u>	<u>236,481</u>	<u>(230,149)</u>	<u>3,625,477</u>
CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	581,441	2,015	(298,727)	294,353	-	579,082
Transfers In	242,613	23,451	337,480	294,936	181,839	1,080,319
Transfers Out	(1,293,435)	-	(988,936)	(359,247)	-	(2,641,618)
NET TRANSFERS	<u>(469,381)</u>	<u>25,466</u>	<u>(950,183)</u>	<u>230,042</u>	<u>181,839</u>	<u>(982,217)</u>
CHANGE IN NET POSITION	<u>1,669,040</u>	<u>(157,478)</u>	<u>713,485</u>	<u>466,523</u>	<u>(48,310)</u>	<u>2,643,260</u>
NET POSITION, OCTOBER 1	<u>9,783,792</u>	<u>2,865,180</u>	<u>3,164,010</u>	<u>12,623,359</u>	<u>7,376</u>	<u>28,443,717</u>
NET POSITION, SEPTEMBER 30	<u>\$ 11,452,832</u>	<u>\$ 2,707,702</u>	<u>\$ 3,877,495</u>	<u>\$ 13,089,882</u>	<u>\$ (40,934)</u>	<u>\$ 31,086,977</u>

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

CITY OF GAINESVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	WATER AND SEWER FUND	MUNICIPAL AIRPORT	SOLID WASTE FUND	STORMWATER	OTHER ENTERPRISE FUND GOLF	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 8,465,556	\$ 1,275,010	\$ 4,672,173	\$ 924,391	\$ 160,579	\$ 15,497,709
Grants for routine maintenance	-	28,941	-	-	-	28,941
Payments to Suppliers for Goods and Services	(3,022,181)	(162,539)	(1,696,086)	(62,898)	(102,932)	(5,046,636)
Payments to Employees	(1,853,997)	(1,010,559)	(851,118)	(61,302)	(229,955)	(4,006,931)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,589,378</u>	<u>130,853</u>	<u>2,124,969</u>	<u>800,191</u>	<u>(172,308)</u>	<u>6,473,083</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers In	242,613	23,451	636,207	294,935	181,839	1,379,045
Transfers Out	(1,293,435)	-	(1,287,663)	(359,247)	-	(2,940,345)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(1,050,822)</u>	<u>23,451</u>	<u>(651,456)</u>	<u>(64,312)</u>	<u>181,839</u>	<u>(1,561,300)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(1,332,910)	(95,815)	(663,040)	(148,965)	(880)	(2,241,610)
Payment of Postclosure Care Costs	-	-	17,056	-	-	17,056
Principal Paid on Bonds and Certificates of Obligation	(1,083,859)	(20,940)	(240,392)	(351,431)	(7,591)	(1,704,213)
Proceeds from Debt Issuance	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Interest and Paying Agent Fees Paid on Bonds, Notes, and Certificates of Obligation	(571,594)	(2,180)	(175,361)	(155,691)	(1,060)	(905,886)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,988,363)</u>	<u>(118,935)</u>	<u>(1,061,737)</u>	<u>(656,087)</u>	<u>(9,531)</u>	<u>(4,834,653)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on Investments	87,046	8,663	143,407	13,675	-	252,791
Proceeds from Maturities of Investments	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>87,046</u>	<u>8,663</u>	<u>143,407</u>	<u>13,675</u>	<u>-</u>	<u>252,791</u>
INCREASE (DECREASE) IN CASH DURING YEAR	<u>(362,761)</u>	<u>44,032</u>	<u>555,183</u>	<u>93,467</u>	<u>-</u>	<u>329,921</u>
CASH - October 1	<u>3,950,240</u>	<u>395,793</u>	<u>6,098,361</u>	<u>554,511</u>	<u>305</u>	<u>10,999,210</u>
CASH - September 30	<u>\$ 3,587,479</u>	<u>\$ 439,825</u>	<u>\$ 6,653,544</u>	<u>\$ 647,978</u>	<u>\$ 305</u>	<u>\$ 11,329,131</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 2,582,691	\$ (189,284)	\$ 1,682,353	\$ 363,181	\$ (228,986)	\$ 4,209,955
Adjustments:						
Depreciation Expense	966,245	273,981	268,046	385,975	7,753	1,902,000
Pension Expense	315,930	19,958	159,737	49,414	36,910	581,949
Change in Assets and Liabilities:						
Receivables, Net	92,786	21,135	(4,457)	6,533	852	116,849
Accounts Payable	(392,765)	2,766	12,558	(5,278)	9,196	(373,523)
Accrued Expense	5,787	2,297	6,732	366	1,967	17,149
Customer Deposits	18,704	-	-	-	-	18,704
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,589,378</u>	<u>\$ 130,853</u>	<u>\$ 2,124,969</u>	<u>\$ 800,191</u>	<u>\$ (172,308)</u>	<u>\$ 6,473,083</u>

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



Notes to Basic
Financial Statements

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019

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

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 the 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, 2018 to September 30, 2019. 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, 2019:

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

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

The City reports the following major proprietary funds at September 30, 2019:

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, Federal Seizure, Municipal Court Juvenile Case Manager, Hospital Demolition, City Athletic Fields, State Seizure, Cable Peg Fee, Construction Projects, 2018 GO Bonds, 2016 GO Bonds, Debt Service, 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 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.

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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) investment 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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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, 2019, 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.

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.

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

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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, 2019.

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.

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

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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.

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, the deferred charge related to net pension liability and the deferred charge related to net OPEB liability.

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

11. Estimates

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

12. Net Pension Liability

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

13. Net OPEB Liability

As required by the Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pension" (GASB No. 75), the City has disclosed its participation in the Texas Municipal Retirement System (TMRS) Supplemental Death Benefits Fund (SDBF) for retiree coverage. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore does not meet the definition of a trust under GASB No. 75. As such the SDBF is considered to be a single-employer unfunded OPEB plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A: Budget Policies

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

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

Annual budgets are legally adopted for all City departments, divisions, and offices on a basis consistent with GAAP, except that depreciation is not budgeted in the Enterprise Funds. Formal budgetary accounting is employed as a management control technique to assist controlling revenues and expenditures (or expenses) in the General Fund, certain Special Revenue Funds, the Debt Service Fund, and Enterprise Funds. Project-length budgets are adopted for Capital Project Funds. Appropriations for

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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, City Athletic Fields, Federal Seizure, State Seizure, Municipal Court 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, 2019, expenditures exceeded appropriations in the following funds:

General Fund	
Human Resources	\$ 1,015
Information Technology	1,264
Fire	121,520
Zoo Operations	33,611
Capital Outlay	487,678
Nonmajor Governmental Funds:	
Municipal Court Security	262
Municipal Court Juvenile Case Manager	513
Hospital Demolition	1,265
State Seizure Fund	1,527

C. Deficit Fund Equity

The Golf Course Fund is reporting a deficit fund balance in the amount of \$40,934. This deficit is the result of posting the entries for the net pension liability and net OPEB liability in the amount of \$99,384.

III. DETAILED NOTES ON ALL FUNDS

A. Cash

Cash on Hand	\$ 5,050
Cash Equivalents - TexStar & TexPool	32,322,058
Cash in Banks	3,605,978
Total Cash and Cash Equivalents	<u>\$ 35,933,086</u>

	Governmental Activities	Business Activities	Component Unit	Total
Cash and Cash Equivalents	\$ 19,643,639	\$ 7,527,075	\$ 1,689,297	\$ 28,860,011
Restricted Cash and Cash Equivalents	3,271,019	3,802,056	-	7,073,075
Totals	<u>\$ 22,914,658</u>	<u>\$ 11,329,131</u>	<u>\$ 1,689,297</u>	<u>\$ 35,933,086</u>

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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, 2019, the City had \$5,050 of cash on hand. The carrying amount of the City's cash in bank totaled \$2,428,038 and bank balance was \$2,850,832. 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 \$2,600,832. The carrying amount of the Gainesville Economic Development Corporation's cash as of September 30, 2019, as reflected in the statement of net position was \$1,177,940 and the bank balance was \$1,217,647. During the year, the deposits of the GEDC were fully covered by Federal Depository Insurance amounting to \$250,000 and with securities held by the pledging financial institution.

Investments-

	Governmental Activities	Business Activities	Component Unit	Total
Investments	\$ -	\$ -	\$ 500,000	\$ 500,000

Investment Type	Rating	Investment Maturities			
		Total	Less than 1	1-5	5 years or more
Certificates of Deposits		\$ 500,000	\$ 500,000	\$ -	\$ -

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

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

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

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

TexSTAR is an investment pool created by the initial participants for the joint investment of the participants' public funds and funds under their control. TexSTAR was created under the authority of

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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 fund investment pools are not subject to custodial credit risk. The City had \$9,146,501 on deposit with TexPool and \$22,630,704 on deposit with TexStar at September 30, 2019. The GEDC had \$544,853 on deposit with TexStar at September 30, 2019.

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, 2019, the City had no cash deposits that were exposed to custodial credit risk. Deposits of the GEDC component unit were fully covered by federal depository insurance or by collateral held by the GEDC's pledging financial institution.

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, 2019 is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Component Unit				
Certificates of Deposit	500,000.00	-	500,000.00	-

Since the investments are certificates of deposit, the valuation technique used is the actual balance of the investment.

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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, 2019, the rates were \$.49679 and \$.22575, respectively, per \$100 of assessed value. At September 30, 2019, the City had a tax margin of \$1.77746 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, 2019, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds		
	General Fund	Nonmajor Funds	Total
Property Taxes	\$ 169,540	\$ 84,867	\$ 254,407
Sales Tax	1,265,256	-	1,265,256
Other Local Fees	-	78,688	78,688
Franchise Fees	47,490	-	47,490
Court Warrants	1,331,792	-	1,331,792
Grants	25,000	-	25,000
Other	45,414	6,326	51,740
	<u>2,884,492</u>	<u>169,881</u>	<u>3,054,373</u>
Allowance for Uncollectible	<u>(694,599)</u>	<u>(20,443)</u>	<u>(715,042)</u>
Net Receivables	<u>\$ 2,189,893</u>	<u>\$ 149,438</u>	<u>\$ 2,339,331</u>

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	Proprietary Funds					Total
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	
Service Receivables	\$ 809,225	\$ 4,577	\$ 590,348	\$ 108,200	\$ -	\$ 1,512,350
Other	65,583	-	-	-	-	65,583
	874,808	4,577	590,348	108,200	-	1,577,933
Allowance for Uncollectible	(12,682)	-	(6,121)	(1,949)	-	(20,752)
Net Receivables	<u>\$ 862,126</u>	<u>\$ 4,577</u>	<u>\$ 584,227</u>	<u>\$ 106,251</u>	<u>\$ -</u>	<u>\$ 1,557,181</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, 2019.

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:

Transfers Out	Transfers In						Total
	General Fund	Assigned Projects	Nonmajor Governmenta	Water & Sewer	Storm- Water	Solid Waste	
General Fund	\$ -	\$ 500,000	\$ 373,199	\$ 1,238,406	\$ 198,664	\$ 988,936	\$ 3,299,205
Assigned Project	2,923,186	-	-	-	-	-	2,923,186
Nonmajor Govern.	244,696	66,314	-	55,029	160,583	-	526,622
Water & Sewer	-	-	242,613	-	-	-	242,613
Municipal Airport	-	-	23,451	-	-	-	23,451
Solid Waste	300,376	-	37,104	-	-	-	337,480
Stormwater	-	-	294,936	-	-	-	294,936
Nonmajor Enterprise	170,006	-	11,833	-	-	-	181,839
Total	<u>\$ 3,638,264</u>	<u>\$ 566,314</u>	<u>\$ 983,136</u>	<u>\$ 1,293,435</u>	<u>\$ 359,247</u>	<u>988,936</u>	<u>\$ 7,829,332</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, 2019 was as follows:

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Governmental Activities:	Balance 10/1/2018	Additions/ Completions	Transfers & Deletions	Balance 9/30/2019
Non-Depreciable Capital Assets:				
Construction				
In Progress	\$ 8,406,320	\$ 6,511,131	\$ (5,435,000)	\$ 9,482,451
Land & Land Rights	3,802,267	226,666	300,373	4,329,306
	<u>12,208,587</u>	<u>6,737,797</u>	<u>(5,134,627)</u>	<u>13,811,757</u>
Depreciable Capital Assets:				
Motorized Vehicle	6,473,024	930,852	(610,010)	6,793,866
Machinery & Equip.	2,394,179	250,972	(30,201)	2,614,950
Office Equip, Furniture & Fixtures	886,604	48,322	(21,314)	913,612
Buildings	10,035,705	9,233	-	10,044,938
Improvements	88,368,830	93,496	2,072,661	90,534,987
	<u>108,158,342</u>	<u>1,332,875</u>	<u>1,411,136</u>	<u>110,902,353</u>
Less Accumulated Depreciation:				
Motorized Vehicle	(4,572,075)	(280,485)	582,763	(4,269,797)
Machinery & Equip.	(1,401,028)	(162,465)	21,775	(1,541,718)
Office Equip, Furniture & Fixtures	(640,202)	(64,542)	14,934	(689,810)
Buildings	(7,417,460)	(241,177)	-	(7,658,637)
Improvements	(76,505,895)	(891,334)		(77,397,229)
	<u>(90,536,660)</u>	<u>(1,640,003)</u>	<u>619,472</u>	<u>(91,557,191)</u>
Net Depreciable Capital Assets	<u>17,621,682</u>	<u>(307,128)</u>	<u>2,030,608</u>	<u>19,345,162</u>
Net Capital Assets	<u>\$ 29,830,269</u>	<u>\$ 6,430,669</u>	<u>\$ (3,104,019)</u>	<u>\$ 33,156,919</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

	Balance 10/1/2018	Additions/ Completions	Transfers/ Disposals	Balance 9/30/2019
Proprietary Funds				
<u>Non-Depreciable Capital Assets:</u>				
Construction				
in Progress	\$ 11,476,825	\$ 415,947	(11,814,308)	\$ 78,464
Land & Land Rights	7,131,759	880	456,476	7,589,115
	<u>18,608,584</u>	<u>416,827</u>	<u>(11,357,832)</u>	<u>7,667,579</u>
<u>Depreciable Capital Assets:</u>				
Motorized Vehicles	6,161,848	715,241	(177,062)	6,700,027
Machinery & Equip.	3,902,398	65,224	-	3,967,622
Office Equip, Furniture & Fixtures	263,626	-	43,836	307,462
Buildings	8,826,316	-	9,907,674	18,733,990
Improvements	19,720,789	260,385	4,323,286	24,304,460
Plant In Svc-Water	12,866,012	515,138	-	13,381,150
Plant In Svc-Sewer	6,000,857	268,795	78,500	6,348,152
	<u>57,741,846</u>	<u>1,824,783</u>	<u>14,176,234</u>	<u>73,742,863</u>
Less Accumulated Depreciation:				
Motorized Vehicles	(3,892,934)	(342,660)	179,078	(4,056,516)
Machinery & Equip.	(2,912,317)	(131,485)	(732,743)	(3,776,545)
Office Equip, Furniture & Fixtures	(226,822)	(2,470)	(9,694)	(238,986)
Buildings	(2,377,969)	(283,947)	-	(2,661,916)
Improvements	(8,564,509)	(743,279)	128,340	(9,179,448)
Plant In Svc-Water	(9,904,406)	(339,897)	679,802	(9,564,501)
Plant In Svc-Sewer	(4,905,294)	(58,262)	-	(4,963,556)
	<u>(32,784,251)</u>	<u>(1,902,000)</u>	<u>244,783</u>	<u>(34,441,468)</u>
Net Depreciable Capital Assets	<u>24,957,595</u>	<u>(77,217)</u>	<u>14,421,017</u>	<u>39,301,395</u>
Net Capital Assets	<u>\$ 43,566,179</u>	<u>\$ 339,610</u>	<u>\$ 3,063,185</u>	<u>\$ 46,968,974</u>

	Balance 10/1/2018	Additions/ Completions	Disposals	Balance 9/30/2019
Discretely Presented Component Unit:				
<u>Non-Depreciable Capital Assets:</u>				
Land & Land Rights	\$ 1,373,732	\$ 40,000	\$ (9,700)	\$ 1,404,032
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	<u>1,373,732</u>	<u>40,000</u>	<u>(9,700)</u>	<u>1,404,032</u>
<u>Depreciable Capital Assets:</u>				
Office Mach. & Equip.	1,545	-	-	1,545
Improvements	1,761,278	75,000	9,700	1,845,978
Buildings	1,975,114	-	-	1,975,114
	<u>3,737,937</u>	<u>75,000</u>	<u>9,700</u>	<u>3,822,637</u>
Less Accumulated Depreciation:				
Office Mach. & Equip.	(1,082)	(309)	-	(1,391)
Buildings	(1,051,064)	(126,281)	-	(1,177,345)
	<u>(1,052,146)</u>	<u>(126,590)</u>	<u>-</u>	<u>(1,178,736)</u>
Net Depreciable Capital Assets	<u>2,685,791</u>	<u>(51,590)</u>	<u>9,700</u>	<u>2,643,901</u>
Net Capital Assets	<u>\$ 4,059,523</u>	<u>\$ (11,590)</u>	<u>\$ -</u>	<u>\$ 4,047,933</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Capital asset balances of individual proprietary funds as of September 30, 2019 were as follows:

	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	Totals
Non-Depreciable Capital Assets:						
Construction						
in Progress	\$ -	\$ 53,111	\$ 25,353	\$ -	\$ -	\$ 78,464
Land & Land Rights	114,517	118,075	-	7,338,590	17,933	7,589,115
	<u>114,517</u>	<u>171,186</u>	<u>25,353</u>	<u>7,338,590</u>	<u>17,933</u>	<u>7,667,579</u>
Depreciable Capital Assets:						
Motorized Vehicles	2,151,821	180,114	3,118,025	1,018,129	231,938	6,700,027
Machinery & Equip.	1,955,723	183,072	1,757,812	34,121	36,894	3,967,622
Office Equip, Fern & Fixtures	197,807	50,336	34,244	25,075	-	307,462
Buildings	16,630,077	876,395	1,156,810	-	70,708	18,733,990
Improvements	7,584,364	5,917,084	52,746	10,278,900	471,366	24,304,460
Plant In Service-Water	13,381,150	-	-	-	-	13,381,150
Plant In Service-Sewer	6,348,152	-	-	-	-	6,348,152
	<u>48,249,094</u>	<u>7,207,001</u>	<u>6,119,637</u>	<u>11,356,225</u>	<u>810,906</u>	<u>73,742,863</u>
Less Accumulated Depreciation:						
Motorized Vehicles	(1,178,284)	(143,781)	(1,936,202)	(621,249)	(177,000)	(4,056,516)
Machinery & Equip.	(2,177,437)	(145,594)	(1,382,498)	(34,121)	(36,895)	(3,776,545)
Office Equip, Fern & Fixtures	(191,162)	(6,512)	(34,244)	(7,068)	-	(238,986)
Buildings	(971,517)	(626,632)	(993,059)	-	(70,708)	(2,661,916)
Improvements	(3,262,187)	(4,000,609)	(15,052)	(1,472,005)	(429,595)	(9,179,448)
Plant In Service-Water	(9,564,501)	-	-	-	-	(9,564,501)
Plant In Service-Sewer	(4,963,556)	-	-	-	-	(4,963,556)
	<u>(22,308,644)</u>	<u>(4,923,128)</u>	<u>(4,361,055)</u>	<u>(2,134,443)</u>	<u>(714,198)</u>	<u>(34,441,468)</u>
Net Depreciable Capital Assets	25,940,450	2,283,873	1,758,582	9,221,782	96,708	39,301,395
Net Capital Assets	<u>\$ 26,054,967</u>	<u>\$ 2,455,059</u>	<u>\$ 1,783,935</u>	<u>\$ 16,560,372</u>	<u>\$ 114,641</u>	<u>\$ 46,968,974</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Governmental Activities:	
General Government	\$ 168,804
Community Development	4,887
Public Safety	621,977
Public Works	844,335
	<u>\$ 1,640,003</u>
Discretely Presented Component Unit:	
Gainesville Economic Development Corp	<u>\$ 126,590</u>
Proprietary Funds:	
Water & Sewer	\$ 966,245
Airport	273,981
Solid Waste	268,046
Stormwater	385,975
Golf Course	7,753
	<u>\$ 1,902,000</u>

E. Accounts Payable

Accounts payable as of September 30, 2019, for the City's major funds and nonmajor funds in the aggregate are as follows:

	Governmental Funds				Total
	General Fund	Assigned Project	Nonmajor Funds		
Vendor Payables	\$ 755,196	\$ -	\$ 788,016		\$1,543,212
Court Costs Payable	14,795	-	3,978		18,773
Funds Held for Others	29,499	-	-		29,499
Accrued Payroll & Benefit	455,433	-	-		455,433
	<u>\$ 1,254,923</u>	<u>\$ -</u>	<u>\$ 791,994</u>		<u>\$2,046,917</u>

	Proprietary Funds					
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor-Golf Fund	Total
Vendor Payables	\$ 360,719	\$ 46,276	\$ 93,689	\$ 1,483	\$ 12,141	\$ 514,308
Accrued Comp. Absences	21,344	4,088	11,371	33	5,015	41,851
Postclosure Care Costs	-	-	14,814	-	-	14,814
Accrued Payroll & Benefit	68,307	5,423	30,326	3,581	8,000	115,637
Deposits Payable	237,784	-	10,631	-	-	248,415
Interest Payable	70,889	245	15,291	16,500	122	103,047
Totals	<u>\$ 759,043</u>	<u>\$ 56,032</u>	<u>\$ 176,122</u>	<u>\$ 21,597</u>	<u>\$ 25,278</u>	<u>\$1,038,072</u>

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

F. Long-Term Debt

1. Governmental Activities Long-Term Debt

As of September 30, 2019, 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
Capital Lease						
KS State Bank	0%	2018	2022	195,000	117,000	39,000
PNC Equipment Finance	3.84%	2019	2023	634,383	<u>517,317</u>	<u>122,011</u>
Total Capital Leases					<u>634,317</u>	<u>161,011</u>
General Obligation Bonds:						
Series 2012	2.0-3.0%	2012	2024	2,422,557	518,238	98,712
Series 2014	0.33-2.31%	2014	2020	753,455	58,431	58,431
Series 2014	3.5-4.0%	2014	2034	4,765,000	1,517,100	76,050
Series 2016	2.25-4.0%	2016	2036	9,215,000	6,725,849	761,139
Series 2017	4.0%	2018	2028	1,801,007	<u>1,245,848</u>	<u>127,906</u>
Total General Obligation Bonds					<u>10,065,466</u>	<u>1,122,238</u>
Certificates of Obligation Bonds:						
Series 2010	1.25-4.4%	2010	2030	2,036,000	1,426,500	108,000
Series 2012	2.0-3.5%	2012	2032	2,219,000	642,000	42,000
Series 2018	3.0-3.4%	2018	2038	3,989,860	<u>3,922,373</u>	<u>137,675</u>
Total Certificates of Obligation Bonds					<u>5,990,873</u>	<u>287,675</u>
Total Long-Term Debt - Governmental Activities					<u>\$ 16,690,656</u>	<u>\$ 1,570,924</u>

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

	Balance 10/1/2018	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2019
Capital Leases:					
KS State Bank	\$ 156,000	\$ -	\$ -	(39,000)	\$ 117,000
PNC Equipment Finance	-	634,383	-	\$ (117,066)	517,317
Total Capital Leases	<u>156,000</u>	<u>634,383</u>	<u>-</u>	<u>(156,066)</u>	<u>634,317</u>
General Obligation Bonds:					
Series 2012	616,950	-	-	(98,712)	518,238
Series 2014	4,075,000	-	(2,485,750)	(72,150)	1,517,100
Series 2014 Ref	115,837	-	-	(57,406)	58,431
Series 2016 Ref	7,343,785	-	-	(617,936)	6,725,849
Series 2017 Ref	1,371,691	-	-	(125,843)	1,245,848
Total GO Bonds	<u>13,523,263</u>	<u>-</u>	<u>(2,485,750)</u>	<u>(972,047)</u>	<u>10,065,466</u>
Certificates of Obligation Bonds:					
Series 2010	1,532,250	-	-	(105,750)	1,426,500
Series 2012	682,500	-	-	(40,500)	642,000
Series 2018	3,989,860	-	-	(67,487)	3,922,373
Total CO Bonds	<u>6,204,610</u>	<u>-</u>	<u>-</u>	<u>(213,737)</u>	<u>5,990,873</u>
Premium/Discount	744,419	-	78,108	(51,512)	771,015
Total Capital Leases and Bonds	<u>\$ 20,628,292</u>	<u>\$ 634,383</u>	<u>\$ (2,407,642)</u>	<u>\$ (1,393,362)</u>	<u>\$ 17,461,671</u>

The aggregate debt service payments to maturity of the City's capital leases, bonds and certificates of deposit are as follows:

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Fiscal Year Sep. 30,	General Obligation Bonds, Certificates of Obligation & Capital Leases		
	Principal	Interest	Total
2020	1,570,924	503,284	2,577,492
2021	1,480,608	459,916	2,400,440
2022	1,517,437	413,722	2,344,881
2023	1,159,395	368,617	1,896,629
2024	1,063,300	328,586	1,391,886
2025-2029	4,615,291	1,182,960	5,798,251
2030-2034	3,572,493	557,419	4,129,912
2035-2038	1,711,208	93,259	3,515,675
	<u>\$ 16,690,656</u>	<u>\$ 3,907,763</u>	<u>\$ 24,055,166</u>

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CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

2. Business-Type Activities Long-Term Debt

As of September 30, 2019, 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	824,200	62,400
Series 2012	2.0-3.5%	2012	2032	400,500	321,000	21,000
Series 2013	4%-2.75%	2013	2033	5,730,000	4,430,000	250,000
Series 2015	4%-2.75%	2015	2035	9,215,000	8,145,000	380,000
General Obligation Bonds:						
Series 2014	0.33-2.31%	2014	2020	1,888,818	146,480	146,480
Series 2014	3.5-4.0%	2014	2034	1,467,000	1,400,400	70,200
Series 2016 Ref	2.25-4.0%	2016	2036	433,257	308,976	82,033
Series 2017 Ref	4.0%	2018	2028	1,191,663	1,009,487	103,602
					16,585,543	1,115,715
<u>Municipal Airport</u>						
General Obligation Bonds:						
Series 2014	0.33-2.31%	2014	2020	100,176	7,769	7,769
Series 2016 Ref	2.25-4.0%	2016	2036	72,009	51,353	13,634
					59,122	21,403
<u>Solid Waste Utility</u>						
Certificates of Obligation Bonds:						
Series 2018	3.0-3.4%	2018	2038	3,400,140	3,342,627	117,325
General Obligation Bonds:						
Series 2014	0.33-2.31%	2014	2020	1,194,790	71,949	71,949
Series 2016 Ref	2.25-4.0%	2016	2036	607,079	432,940	114,946
					3,847,516	304,220
<u>Stormwater Utility</u>						
Certificates of Obligation Bonds:						
Series 2010	1.25-4.4%	2010	2030	1,239,750	919,300	69,600
Series 2012	2.0-3.5%	2012	2032	1,468,500	1,177,000	77,000
General Obligation Bonds:						
Series 2012	2.0-3.0%	2012	2024	522,443	111,762	21,288
Series 2014	3.5-4.0%	2014	2034	1,018,750	972,500	48,750
Series 2016 Ref	2.25-4.0%	2016	2036	347,750	247,998	65,844
Series 2017 Ref	4.0%	2018	2028	905,320	764,664	78,492
					4,193,224	360,974
<u>Municipal Golf Course</u>						
General Obligation Bonds:						
Series 2014	0.33-2.31%	2014	2020	4,784	372	372
Series 2016 Ref	2.25-4.0%	2016	2036	39,102	27,884	7,402
					28,256	7,774
Total Bonds - Proprietary Funds Activities					\$ 24,713,661	\$ 1,810,086

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

The changes in long-term debt for proprietary funds are summarized as follows:

	Balance 10/1/2018	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2019
Water and Sewer Utility					
Certificates of Obligation Bonds:					
Series 2010	885,300	-	-	(61,100)	824,200
Series 2012	341,250	-	-	(20,250)	321,000
Series 2013	4,675,000	-	-	(245,000)	4,430,000
Series 2015	8,510,000	-	-	(365,000)	8,145,000
General Obligation Bonds:					
Series 2014	290,390	-	-	(143,910)	146,480
Series 2014	-	-	1,467,000	(66,600)	1,400,400
Series 2016	389,044	-	-	(80,068)	308,976
Series 2017	1,111,419	-	-	(101,932)	1,009,487
Discount/Premium	865,925	-	-	(54,797)	811,128
	<u>17,068,328</u>	<u>-</u>	<u>1,467,000</u>	<u>(1,138,657)</u>	<u>17,396,671</u>
Municipal Airport					
General Obligation Bonds:					
Series 2014	15,401	-	-	(7,632)	7,769
Series 2016	64,661	-	-	(13,308)	51,353
Discount/Premium	4,375	-	-	(252)	4,123
	<u>84,437</u>	<u>-</u>	<u>-</u>	<u>(21,192)</u>	<u>63,245</u>
Solid Waste Utility					
Certificates of Obligation Bonds:					
Series 2018	3,400,140	-	-	(57,513)	3,342,627
General Obligation Bonds:					
Series 2014	142,636	-	-	(70,687)	71,949
Series 2016	545,133	-	-	(112,193)	432,940
Discount/Premium	36,883	-	-	(2,121)	34,762
	<u>4,124,792</u>	<u>-</u>	<u>-</u>	<u>(242,514)</u>	<u>3,882,278</u>
Stormwater Utility					
General Obligation Bonds:					
Series 2012	133,050	-	-	(21,288)	111,762
Series 2014	-	1,018,750	-	-	972,500
Series 2016	312,265	-	-	(64,267)	247,998
Series 2017	841,890	-	-	(77,226)	764,664
Certificates of Obligation Bonds:					
Series 2010	987,450	-	-	(68,150)	919,300
Series 2012	1,251,250	-	-	(74,250)	1,177,000
Discount/Premium	20,970	-	-	(1,693)	19,277
	<u>3,546,875</u>	<u>1,018,750</u>	<u>-</u>	<u>(306,874)</u>	<u>4,212,501</u>
Municipal Golf Course					
General Obligation Bonds:					
Series 2014	736	-	-	(364)	372
Series 2016	35,112	-	-	(7,228)	27,884
Discount/Premium	2,375	-	-	(136)	2,239
	<u>38,223</u>	<u>-</u>	<u>-</u>	<u>(7,728)</u>	<u>30,495</u>
Totals	<u>\$ 24,862,655</u>	<u>\$ 1,018,750</u>	<u>\$ 1,467,000</u>	<u>\$ (1,716,965)</u>	<u>\$ 25,585,190</u>

City of Gainesville, Texas
Notes to Basic Financial Statements
September 30, 2019

Water and Sewer Utility

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 713,400	\$ 455,218	\$ 1,168,618	\$ 402,315	\$ 80,457	\$ 482,772	\$ 1,115,715	\$ 535,675	\$ 1,651,390
2021	741,000	427,136	1,168,136	250,496	71,619	322,115	991,496	498,755	1,490,251
2022	773,050	395,887	1,168,937	256,424	64,105	320,529	1,029,474	459,992	1,489,466
2023	811,400	360,925	1,172,325	207,955	57,107	265,062	1,019,355	418,032	1,437,387
2024	844,750	325,654	1,170,404	215,388	50,967	266,355	1,060,138	376,621	1,436,759
2025-2029	4,626,400	1,213,853	5,840,253	980,165	162,795	1,142,960	5,606,565	1,376,648	6,983,213
2030-2034	4,565,200	463,810	5,029,010	552,600	52,147	604,747	5,117,800	515,957	5,633,757
2035-2036	645,000	11,288	656,288	-	-	-	645,000	11,288	656,288
	\$ 13,720,200	\$ 3,653,771	\$ 17,373,971	\$ 2,865,343	\$ 539,197	\$ 3,404,540	\$ 16,585,543	\$ 4,192,968	\$ 20,778,511

Municipal Airport Fund

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 21,403	\$ 1,621	\$ 23,024
2021	11,593	1,154	12,747
2022	12,002	739	12,741
2023	3,347	433	3,780
2024	3,429	297	3,726
2025-2028	7,348	197	7,545
	\$ 59,122	\$ 4,441	\$ 63,563

Solid Waste Utility

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 117,325	\$ 101,608	\$ 218,933	\$ 186,895	\$ 13,744	\$ 200,639	\$ 304,220	\$ 115,352	\$ 419,572
2021	138,030	97,778	235,808	97,738	9,722	107,460	235,768	107,500	343,268
2022	140,331	93,603	233,934	101,180	6,233	107,413	241,511	99,836	341,347
2023	144,931	89,323	234,254	28,220	3,645	31,865	173,151	92,968	266,119
2024	149,532	84,907	234,439	28,909	2,502	31,411	178,441	87,409	265,850
2025-2029	821,279	353,311	1,174,590	61,947	1,674	63,621	883,226	354,985	1,238,211
2030-2034	952,407	220,423	1,172,830	-	-	-	952,407	220,423	1,172,830
2035-2038	878,792	60,502	939,294	-	-	-	878,792	60,502	939,294
	\$ 3,342,627	\$ 1,101,455	\$ 4,444,082	\$ 504,889	\$ 37,520	\$ 542,409	\$ 3,847,516	\$ 1,138,975	\$ 4,986,491

City of Gainesville, Texas
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Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 146,600	\$ 64,883	\$ 211,483	\$ 214,374	\$ 59,320	\$ 273,694	\$ 360,974	\$ 124,203	\$ 485,177
2021	149,500	61,020	210,520	210,436	53,553	263,989	359,936	114,573	474,509
2022	153,700	57,255	210,955	214,923	47,493	262,416	368,623	104,748	473,371
2023	159,350	52,752	212,102	175,630	41,749	217,379	334,980	94,501	429,481
2024	165,000	47,069	212,069	182,830	36,573	219,403	347,830	83,642	431,472
2025-2029	908,600	147,128	1,055,728	714,981	114,319	829,300	1,623,581	261,447	1,885,028
2030-2034	413,550	16,697	843,797	383,750	36,213	419,963	797,300	52,910	850,210
	<u>\$ 2,096,300</u>	<u>\$ 446,804</u>	<u>\$ 2,956,654</u>	<u>\$ 2,096,924</u>	<u>\$ 389,220</u>	<u>\$ 2,486,144</u>	<u>\$ 4,193,224</u>	<u>\$ 836,024</u>	<u>\$ 5,029,248</u>

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 7,774	\$ 837	\$ 8,611
2021	6,295	626	6,921
2022	6,517	402	6,919
2023	1,818	235	2,053
2024	1,862	161	2,023
2024-2026	3,990	108	4,098
	<u>\$ 28,256</u>	<u>\$ 2,369</u>	<u>\$ 30,625</u>

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3. Component Unit Long-Term Debt

As of September 30, 2019, 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	1,343,211	193,700

The changes in GEDC debt is as follows:

	Balance 10/1/2018	Increase	Decrease	Balance 9/30/2019
Series 2014 Bond	\$ 1,826,826	-	(483,615)	\$ 1,343,211

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

Fiscal Year	Principal	Interest	Total
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>\$ 1,343,211</u>	<u>\$ 583,329</u>	<u>\$ 1,926,540</u>

4. Defeased Debt

As of September 30, 2019, the following defeased bonds remain outstanding:

	Amount
Series 1998 CO	\$ 315,000
Series 1999 CO	120,000
Series 2000 CO	145,000
Series 2001 CO	1,885,000
Series 2002 CO	245,000
Series 2002 GO	1,310,000
Series 2003 CO	680,000
Series 2005 GO	309,000
Series 2008 GO	2,990,000
Series 2007 GO	3,490,000

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, 2019 was

CITY OF GAINESVILLE, TEXAS
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\$700,053 of which \$14,814 is considered as a current liability. The change in the postclosure care costs liability for the fiscal year ended September 30, 2019 was an increase of \$15,737.

G. Compensated Absences

The activity related to compensated absences is as follows:

	Compensated Absences 10/1/2018	Earned	Used	Compensated Absences 9/30/2019	Current Portion
Governmental Funds	\$ 379,752	\$ 829,473	\$ 652,062	\$ 557,163	\$ 278,582
Proprietary Funds:					
Water & Sewer	25,923	61,451	44,684	42,690	21,345
Airport Fund	3,008	6,115	950	8,173	4,086
Stormwater Utility	24	189	148	65	32
Solid Waste	9,183	36,706	23,147	22,742	11,371
Golf Course	4,656	11,062	5,687	10,031	5,016
Component Unit	3,026	18,111	14,082	7,055	3,527
	<u>\$ 425,572</u>	<u>\$ 963,107</u>	<u>\$ 740,760</u>	<u>\$ 647,919</u>	<u>\$ 323,958</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 \$9,000,705 and Nonspendable Fund Balance of \$12,702 at September 30, 2019.

Other Major Funds

The Assigned Projects Fund has Assigned Fund Balance of \$4,880,738 which consists of funds to be used for special projects and capital asset acquisition.

Other Funds

The fund balances of the Debt Service Fund, Hotel/Motel Fund, Municipal Court Technology, Municipal Court Security, Municipal Court Juvenile Case Manager, Cable Peg Fee, Federal Seizure, Law Officer Education, State Seizure, 2016 GO Bonds, 2018 CO Bonds and Cohen Scholarship are classified as Restricted because of externally imposed restrictions. The Cemetery Fund balance is classified as Nonspendable because of restrictions imposed by City ordinances. City Athletic Fields, Assigned Projects, Hospital Demolition and Construction Project Fund are classified as Assigned. The Council has set aside the funds for special projects and capital asset acquisition.

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 Governmental Activities and Solid Waste fund have been calculated as follows:

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	Government Wide	Solid Waste Fund
Capital assets net of accumulated depreciation	\$ 33,156,919	\$ 1,783,935
Deferred Loss on Refunding	366,865	45,926
Less: Bonds & leases payable	(17,461,671)	(3,882,278)
Add back unspent bond funds	3,271,019	3,802,056
Net investment in capital assets	\$ 19,333,132	\$ 1,749,639

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, 2019, 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 2019, 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

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\$1,210,000 in lease payments, due in annual installments of \$10,000 in 1983, \$50,000 from 1984 through 1986, and then annual installments of \$25,000 for years 1987 through 2033. The lease was subsequently assigned to Stellar Investments, Inc., and Everest, Inc., the current leaseholder as of July 2001. Also, terms of the agreement state that the City is to receive the greater of the above annual lease payments, or 2% of the gross annual room rentals of the hotel. Revenue from the agreement is recorded in the appropriate Special Revenue Fund.

Greater Texoma Utility Authority (GTUA) – The City has entered into various contracts with the Greater Texoma Utility Authority (GTUA), whereby GTUA provides water and sewer services to the City. As part of the contractual agreements, GTUA issues debt for the benefit of the City, the proceeds of which are used to finance construction of water and sewer facilities and infrastructure within the City. Although this debt is not that of the City, the City is contractually obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues. During the year ended September 30, 2019, the City paid \$685,270 to GTUA in accordance with these contracts.

The audited financial statements of the year ended September 30, 2019, for GTUA, issued by the GTUA's independent auditors, reflected total assets for the City projects as \$7,683,769, deferred outflows of resources of \$20,441, liabilities of \$6,535,200, and total net position of \$1,169,010. Additionally, total revenues and expenses for the City's projects were \$709,817 and \$799,341 respectively. Revenues, as reported, included investment income of \$19,778.

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

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, 2019 was \$3,260,000.

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, 2019 was \$1,655,000.

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, 2019 was \$845,000.

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, 2019 was \$685,000.

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
2020	555,000	135,403	690,403
2021	560,000	126,893	686,893
2022	570,000	116,376	686,376
2023	585,000	103,924	688,924
2024	415,000	93,285	508,285
2025-2029	2,225,000	326,158	2,551,158
2030-2033	1,535,000	61,142	1,596,142
	<u>\$ 6,445,000</u>	<u>\$ 963,181</u>	<u>\$ 7,408,181</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, 2019, 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, 2019, financial statements of GTUA. During the year ended September 30, 2019, The City paid \$282,983 to GTUA in accordance with these contracts.

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
2020	\$ 225,720	\$ 59,588	\$ 285,308
2021	232,200	56,318	288,518
2022	237,600	52,406	290,006
2023	243,000	48,050	291,050
2024	249,480	43,240	292,720
2025-2029	1,344,600	130,284	1,474,884
2030	255,960	6,348	262,308
	<u>\$ 2,788,560</u>	<u>\$ 396,234</u>	<u>\$ 3,184,794</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.H. 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 I	\$ 5,172,919	\$ 4,833,433	339,486
Lynn Vessels Construction	Sanitary Sewer Proj. Elm Fork Trinity River	429,166	32,958	396,208
Eikon Consulting Group	Fire Station #3	260,250	249,548	10,702
Eikon Consulting Group	Gainesville Transfer Station	454,750	15,040	439,710
HDR Engineering Inc	Golf Course Water Rights	21,000	13,607	7,393
Jadoc Public Co	O'Neal Street	496,307	462,927	33,380
Kimley Horn	Sump Bond Package K	248,500	47,875	200,625
Kimley Horn	O'Neal Street	115,000	98,584	16,416
Kimley Horn	I35 Utilities Relocation	270,000	132,524	137,476
Kimley Horn	Sanitary Sewer Proj. Elm Fork Trinity River	78,000	77,963	37
Smoldt Construction	Farmers Market Performance Venue	2,035,745	2,012,404	23,341
Smoldt Construction	Fire Station #3	2,163,849	1,629,710	534,139

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
Duraline	\$ 160,000	\$ -	\$ 160,000
Trident Process Systems, LLC	94,300	59,300	35,000
Farmers Market	20,000	10,000	10,000

E. Commitments Under Operating Leases

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments. Lease expense for operating lease agreements for the current year is \$53,500. Minimum future annual requirements are as follows:

Year Ended	Amount
2020	\$ 53,500
2021	23,903
2022	1,953
2023	814
2024	-
Total	<u>\$ 80,170</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

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reports directly to the Board. The City of Gainesville does not guarantee bonds issued by the GHA.

G. Jointly Governed Organizations

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

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

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

H. Joint Ventures

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

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

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, 2019, was \$10,545,000. 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, 2019 and the pension expense for the year ended is as follows:

	TMRS-City	TMRS-Component	TESRS	Total
Net pension liability	\$ 11,452,650	\$ 228,769	\$ 4,547	\$ 11,685,966
Deferred outflows of resources	3,839,191	75,427	18	3,914,636
Deferred inflows of resources	564,955	11,952	264	577,171

1. Texas Municipal Retirement System

A. Plan Description

The City of Gainesville participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

B. Benefits Provided

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

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times with would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount, which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated

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contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Plan provision for the City were as follows:

Employee deposit rate	6%
Matching ration (City to Employee)	1.5-1
A member is vested after	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60

Employees covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	122
Active Employees	<u>219</u>
	<u>489</u>

C. Contributions & Funding Policy

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 were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Gainesville were 9.19% and 9.59% in calendar years 2017 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2019 were \$1,603,100 which included a voluntary additional contribution in the amount of \$223,002.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.40% per year
Investment Rate of Return	6.75%

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 multiplies 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.

CITY OF GAINESVILLE, TEXAS
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Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

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.

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Changes in the Net Pension Liability

	Increase (Decrease)-Total			Allocation	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	City Portion	Component Unit-Portion
Balance at 12/31/2017	\$ 43,409,860	\$38,708,580	\$ 4,701,280	\$ 4,609,210	\$ 92,070
Changes for the year:					
Service Cost	1,311,903	-	1,311,903	1,286,211	25,692
Interest	3,129,818	-	3,129,818	3,068,524	61,294
Change in benefit terms including substantively automatic status	3,430,995		3,430,995	3,363,802	67,193
Difference between expected and actual expense	(416,451)	-	(416,451)	(408,295)	(8,156)
Changes of assumptions	-	-	-	-	-
Contributions-employer	-	1,090,028	(1,090,028)	(1,068,681)	(21,347)
Contributions-employees	-	568,908	(568,908)	(557,767)	(11,141)
Net investment income	-	(1,159,231)	1,159,231	1,136,529	22,702
Benefit payments, including refunds of employee contributions	(2,258,256)	(2,258,256)	-	-	-
Administrative expense	-	(22,409)	22,409	21,970	439
Other changes	-	(1,171)	1,171	1,148	23
Net change	5,198,009	(1,782,131)	6,980,140	6,843,441	136,699
Balance at 12/31/2018	\$ 48,607,869	\$36,926,449	\$ 11,681,420	\$11,452,651	\$228,769

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:

	1% Decrease in		1% Increase in
	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
City's net pension liability	\$ 18,451,781	\$ 11,452,651	\$ 5,751,048
Component unit pension liability	\$ 368,578	\$ 228,769	\$ 114,878

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.

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

For the year ended September 30, 2019. The city recognized pension expense of \$5,125,856 and the component unit recognized expense of \$102,390.

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows or resources related to pensions for the following sources:

CITY OF GAINESVILLE, TEXAS
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SEPTEMBER 30, 2019

	City		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 6,294	\$ 560,759	\$ 126	\$ 11,868
Changes in actuarial assumptions	-	4,196	-	84
Difference between projected and actual investment earnings	2,575,859	-	50,192	-
Contributions subsequent to the measurement date	1,257,037	-	25,110	-
Total	\$ 3,839,191	\$ 564,955	\$ 75,427	\$ 11,952

\$1,257,037 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for fiscal year 2020 for the City. \$25,110 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 fiscal year 2020 for the component unit. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	City Portion	Component Unit
Fiscal Year Ended September 30,		
2020	\$ 546,943	\$ 10,925
2021	553,623	11,059
2022	631,728	12,619
2023	755,826	15,098
2024	22,223	444
Thereafter	(495,038)	(9,888)

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.

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, 2018, there were 238 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

CITY OF GAINESVILLE, TEXAS
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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. Covered Membership

On August 31, 2018, the pension system membership consisted of:

	2018
Retirees and beneficiaries currently receiving benefits	3,533
Terminated members entitled to but not yet receiving benefits	1,927
Active participants	3,927
	9,387

D. Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. According to the state law governing the System, the state is required to contribute an amount necessary to make the system "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions for the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two-year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the part Two contributions were established by the board to be 2% of the Part One contribution beginning September 1, 2017. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years or joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

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E. 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, 2018, total contributions (dues, prior service, and interest on prior service financing) of \$4,098,834 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,329,224 for the fiscal year ending August 31, 2018.

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 Section F below. The most recently completed biennial actuarial valuation as of August 31, 2018 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 2019, 2018 and 2017 was \$-0-, \$1,028 and \$1,872 respectively.

F. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of August 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Total pension liability	\$ 137,514,345
Plan fiduciary net position	<u>115,863,894</u>
System's net pension liability	\$ 21,650,451

Plan fiduciary net position as a percentage of the total pension liability	84.3%
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Actuarial assumptions:

The Total Pension Liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% 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 5.01%) and by adding expected inflation (2.6%). 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:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large cap domestic	32.0%	5.81%
Small cap domestic	15.0%	5.92%
Developed international	15.0%	6.21%
Emerging markets	5.0%	7.18%
Master limited partnership	5.0%	7.61%
Real Estate	5.0%	4.46%
Fixed income	23.0%	1.61%
Cash	0.0%	0.00%
Total	100.0%	
Weighted Average		5.01%

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:

	1% Decrease in Discount Rate 6.75%	Discount Rate 7.75%	1% Increase in Discount Rate 8.75%
City's net pension liability	\$ 9,035	\$ 4,547	\$ 1,519

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 8/31/2017	\$ 27,116	\$ 22,075.16	\$ 5,040
Changes for the year:			
Service Cost	335	-	335
Interest	2,080	-	2,080
Changes in benefit terms	593		593
Difference between expected and actual expense	(19)	-	(19)
Changes of assumptions	-	-	-
Contributions-employer	-	861	(861)
Contributions-employees	-	279	(279)
Net investment income	-	2,376	(2,376)
Benefit payments, including refunds of employee contributions	(1,226)	(1,226)	-
Administrative expense	-	(33)	33
Other changes	-	-	-
Net change	1,763	2,256	(494)
Balance at 8/31/2018	\$ 28,878	\$ 24,331	\$ 4,547

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.

CITY OF GAINESVILLE, TEXAS
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G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, 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	\$ 13
Changes in actuarial assumptions	17	-
Difference between projected and actual investment earnings	-	251
Contributions subsequent to the measurement date	-	-
Total	\$ 18	\$ 264

\$18 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for fiscal year 2020. 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,	
2019	\$ 293
2020	(163)
2021	(240)
2022	(136)

3. Postemployment Benefits Plan-Supplemental Death Benefits Fund (SDBF)

A. Plan Description

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employees' actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OEPB plan with no asset accumulation.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
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	2018
Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	24
Active Employees	219
	349

C. 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:

Plan/Calendar Year	Total SDB Contribution Rate	Retiree Portion of Contribution Rate
2019	0.21%	0.07%
2018	0.21%	0.06%
2017	0.20%	0.07%

The City's contribution to the SDBF for the year ended September 30, 2019 was \$28,165.

D. Net OPEB Liability and Summary of Actuarial Assumptions

Assets are not accumulated in a trust because the SDBF fund does not meet the criteria in paragraph 4 of GASB Statement No. 75. The City's net OPEB liability was based upon an actuarial valuation as of December 31, 2017. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

The actuarial assumptions used are as follows:

Inflation	2.50%
Salary increases	3.5% to 10.5% including inflation
Discount Rate *	3.71%
Retirees' share of benefit-related costs	\$0
Administrative Expense	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates-service retirees	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
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO A Index" rate as of 12/31/2018

CITY OF GAINESVILLE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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Changes in the Net OPEB Liability

	Total OPEB Liability	Total OPEB Liability City Portion	Total OPEB Liability Component Unit
Total OPEB liability - Balance at beginning of year	\$ 669,816	\$ 656,698	\$ 13,118
Changes for the year:			
Service Cost	23,894	23,426	468
Interest on total OPEB liability	22,453	22,013	440
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,357	1,330	27
Changes of assumptions or other inputs	(43,517)	(42,665)	(852)
Benefit payments	(6,827)	(6,693)	(134)
Net change	(2,640)	(2,588)	(52)
Total OPEB liability - End of year	\$ 667,176	\$ 654,110	\$ 13,066

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following present the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate of 1% lower or 1% higher than the current discount rate.

	1% Decrease in Discount Rate 2.71%	Current Discount Rate 3.71%	1% Increase in Discount Rate 4.71%
City's net OPEB liability	\$ 769,321	\$ 654,110	\$ 563,915
	1% Decrease in Discount Rate 2.31%	Current Discount Rate 3.31%	1% Increase in Discount Rate 4.31%
Component unit's net OPEB	\$ 15,367	\$ 13,066	\$ 11,264

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$46,669 and the discretely presented component unit recognized \$932. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resource related to OPEB from the following sources:

	City's Portion		Component Units Portion	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,090	\$ -	\$ 22	\$ -
Changes in assumptions and other inputs	30,765	34,964	615	698
Contributions subsequent to the measurement date	21,192	-	423	-
Total	\$ 53,047	\$ 34,964	\$ 1,060	\$ 698

\$21,192 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020 for the City. \$423 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020 for the component unit.

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Other amounts reported a deferred outflows and inflows of resources related to OPEBs will be recognized in the OPEB expense as follows:

	City's Portion	Component Unit's Portion
Fiscal Year Ended September 30,		
2020	\$ 1,229	\$ 25
2021	1,229	25
2022	1,229	25
2023	(2,767)	(55)
2024	(4,030)	(80)
Thereafter	-	-

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, 2019, the City abated property taxes totaling \$917,957 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 50% property tax abatement to an oil well service company to stimulate investment and economic development. The tax abatement amounted to \$703,101.
- A 90% property tax abatement for real property improvement to stimulate economic development. The tax abatement amounted to \$99,086.

K. Subsequent Events

The City's management has evaluated subsequent events through February 21, 2020, 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, 2019

REVENUES:	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Ad Valorem Taxes	\$ 5,566,585	\$ 5,566,585	\$ 5,822,019	\$ 255,434
Sales Taxes	5,346,261	5,346,261	7,176,658	1,830,397
Franchise Fees	1,290,863	1,290,863	1,261,622	(29,241)
Mixed Beverage Tax	35,827	35,827	38,675	2,848
Service Charges	1,041,400	915,500	1,035,549	120,049
License & Permits	268,600	299,469	422,736	123,267
Fines & Forfeitures	449,100	449,750	546,960	97,210
Investment Income	65,000	128,000	270,684	142,684
Intergovernmental Revenues	21,176	-	79,290	79,290
Donations	-	119,161	121,763	2,602
Other Income	95,620	187,531	301,410	113,879
TOTAL REVENUES	14,180,432	14,338,947	17,077,366	2,738,419
EXPENDITURES:				
Current				
General Government				
Administration	542,652	518,628	502,079	16,549
Human Resources	215,205	227,590	228,605	(1,015)
Downtown	27,000	27,000	27,000	-
Information Technology	226,735	228,990	230,254	(1,264)
Building Operations	74,021	77,371	63,508	13,863
Public Assistance Programs	89,450	89,450	89,450	-
Municipal Court	280,954	279,992	275,775	4,217
Civic Center Operations	251,648	252,219	228,213	24,006
Total General Government	1,707,665	1,701,240	1,644,884	56,356
Community Development				
Planning and Zoning	335,655	328,281	308,127	20,154
Code Compliance	286,208	287,835	263,465	24,370
Total Community Development	621,863	616,116	571,592	44,524
Finance				
	539,950	540,727	534,994	5,733
Public Safety				
Police	5,215,455	5,359,808	5,136,686	223,122
Emergency Management	36,034	37,352	36,713	639
Fire	4,157,103	4,276,054	4,397,574	(121,520)
Total Public Safety	9,408,592	9,673,214	9,570,973	102,241
Public Works				
Administration	87,078	89,649	89,351	298
Street Maintenance	866,960	864,648	759,813	104,835
Central Garage	245,328	267,946	230,122	37,824
Parks and Recreation Operations	915,339	918,966	909,539	9,427
Zoo Operations	1,266,753	1,239,938	1,273,549	(33,611)
Cemetery Operations	298,255	307,328	293,113	14,215
Total Public Works	3,679,713	3,688,475	3,555,487	132,988

CITY OF GAINESVILLE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Continued)

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Non Departmental	-	223,002	808	222,194
Debt Service				
Principal	156,066	156,066	156,066	-
Interest	24,794	24,794	24,794	-
Capital Outlay	629,522	736,996	1,224,674	(487,678)
TOTAL EXPENDITURES	<u>16,768,165</u>	<u>17,360,630</u>	<u>17,284,272</u>	<u>76,358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,587,733)</u>	<u>(3,021,683)</u>	<u>(206,906)</u>	<u>2,814,777</u>
OTHER FINANCING SOURCES (USES):				
Issuance of Debt	-	-	634,383	634,383
Funds Transferred In	2,850,393	3,299,205	3,299,205	-
Funds Transferred Out	(183,000)	(189,104)	(3,638,264)	(3,449,160)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,667,393</u>	<u>3,110,101</u>	<u>295,324</u>	<u>(2,814,777)</u>
NET CHANGE IN FUND BALANCES	79,660	88,418	88,418	-
FUND BALANCE - October 1	8,924,989	8,924,989	8,924,989	-
FUND BALANCE - September 30	<u>\$ 9,004,649</u>	<u>\$ 9,013,407</u>	<u>\$ 9,013,407</u>	<u>\$ -</u>

CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Plan Year Ended December 31,			
	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 1,311,903	\$ 1,044,140	\$ 1,032,475	\$ 983,604
Interest (on the total pension liability)	3,129,818	2,800,533	2,675,417	2,667,580
Changes of benefit terms	3,430,995	-	-	-
Difference between expected and actual experience	(416,450)	(476,904)	17,839	(96,053)
Change of assumptions	-	-	-	(78,753)
Benefit payments, including refunds of employee contributions	(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)
Net Change in Total Pension Liability	5,198,010	1,517,335	1,817,939	1,439,818
Total Pension Liability - Beginning	43,409,860	41,892,525	40,074,586	38,634,768
Total Pension Liability - Ending	\$ 48,607,870	\$ 43,409,860	\$ 41,892,525	\$ 40,074,586
Plan Fiduciary Net Pension				
Contributions - employer	\$ 1,090,028	\$ 1,041,967	\$ 991,986	\$ 1,006,406
Contributions - employee	568,908	543,257	532,753	518,232
Net investment income	(1,159,231)	4,746,611	2,191,755	48,641
Benefit payments, including refunds of employee contributions	(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)
Administrative expense	(22,409)	(24,603)	(24,783)	(29,628)
Other	(1,170)	(1,247)	(1,335)	(1,463)
Net Change in Plan Fiduciary Net Position	(1,782,130)	4,455,551	1,782,584	(494,372)
Plan Fiduciary Net Position - Beginning	38,708,580	34,253,029	32,470,445	32,964,817
Plan Fiduciary Net Position - Ending	\$ 36,926,450	\$ 38,708,580	\$ 34,253,029	\$ 32,470,445
Net Pension Liability - Ending	\$ 11,681,420	\$ 4,701,280	\$ 7,639,496	\$ 7,604,141
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.97%	89.17%	81.76%	81.03%
Covered Payroll	\$ 11,378,167	\$ 10,865,140	\$ 10,655,057	\$ 10,364,634
Net Pension Liability as a Percentage of Covered Payroll	102.67%	43.27%	71.70%	73.37%
				\$ 5,669,951
				85.32%
				\$ 10,295,465
				55.07%

CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CONTRIBUTIONS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Actuarially determined contribution	1,380,098	1,061,273	1,048,344	1,024,989	1,047,978
Contributions in relation to actuarially determined contribution	(1,603,100)	(1,061,273)	(1,048,344)	(1,024,989)	(1,047,978)
Contribution deficiency (excess)	\$ (223,002)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,139,096	\$ 11,074,513	\$ 10,790,139	\$ 10,364,634	\$ 10,364,634
Contributions as a percentage of covered payroll	11.37%	9.58%	9.72%	9.89%	10.11%

CITY OF GAINESVILLE, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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	25 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, 2019

	Plan Year Ended August 31,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 335	\$ 478	\$ 593	\$ 305	\$ 347
Interest (on the total pension liability)	2,083	2,840	3,116	1,525	1,530
Changes of benefit terms	594		253		
Difference between expected and actual experience	(19)		23		
Change of assumptions		(6,155)	19,950	(1,098)	
Benefit payments, including refunds of employee contributions	(1,228)	(1,510)	(1,646)	(810)	(792)
Net Change in Total Pension Liability	<u>1,765</u>	<u>(4,347)</u>	<u>22,289</u>	<u>(78)</u>	<u>1,085</u>
Total Pension Liability - Beginning	43,083	43,083	20,794	20,872	19,787
Total Pension Liability - Ending	<u>\$ 44,848</u>	<u>\$ 38,736</u>	<u>\$ 43,083</u>	<u>\$ 20,794</u>	<u>\$ 20,872</u>
Plan Fiduciary Net Pension					
Contributions - employer	\$ 862	\$ 1,504	\$ 1,212	\$ 633	\$ 794
Contributions - employee	280	475	554	295	291
Net investment income	2,379	2,933	1,735	(593)	2,263
Benefit payments, including refunds of employee contributions	(1,228)	(1,510)	(1,646)	(810)	(792)
Administrative expense	(33)	(56)	(56)	(39)	(33)
Other	-	(4,697)	15,100	(917)	-
Net Change in Plan Fiduciary Net Position	<u>2,260</u>	<u>(1,351)</u>	<u>16,899</u>	<u>(1,431)</u>	<u>2,523</u>
Plan Fiduciary Net Position - Beginning	31,537	32,888	15,989	17,420	14,896
Plan Fiduciary Net Position - Ending	<u>\$ 33,797</u>	<u>\$ 31,537</u>	<u>\$ 32,888</u>	<u>\$ 15,989</u>	<u>\$ 17,419</u>
Net Pension Liability - Ending	<u>\$ 11,051</u>	<u>\$ 7,199</u>	<u>\$ 10,195</u>	<u>\$ 4,805</u>	<u>\$ 3,453</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.36%	81.42%	76.34%	76.89%	83.46%

CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CONTRIBUTIONS-TESTRS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019	Fiscal Year Ended September 30			
		2018	2017	2016	2015
Actuarially determined contribution	-	1,872	1,872	1,188	864
Contributions in relation to actuarially determined contribution	-	1,872	1,872	1,188	864
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF GAINESVILLE, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS-TESRS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Valuation Date August 31, 2086

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

CITY OF GAINESVILLE, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Plan Year Ended December 31, 2018	Plan Year Ended December 31, 2017
Total OPEB Liability		
Service Cost	\$ 23,894	\$ 19,557
Interest (on the total pension liability)	22,453	22,391
Changes of benefit terms	-	-
Difference between expected and actual experience	1,357	-
Change of assumptions	(43,517)	49,108
Benefit payments, including refunds of employee contributions	(6,827)	(7,606)
Net Change in Total OPEB Liability	(2,640)	83,450
Total OPEB Liability - Beginning	669,816	586,366
Total OPEB Liability - Ending	\$ 667,176	\$ 669,816
Covered Payroll	11,378,167	10,865,140
Total OPEB Liability as a Percentage of Covered Payroll	5.86%	6.16%

CITY OF GAINESVILLE, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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	17 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
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.



Combining Financial Statements

**CITY OF GAINESVILLE, TEXAS
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	REVENUE FUNDS									
	MUNICIPAL COURT TECHNOLOGY	MUNICIPAL COURT SECURITY	HOTEL/ MOTEL	LAW ENFORCEMENT EDUCATION	FEDERAL SEIZURE	MUN COURT JUVENILE CASE MANAGER	HOSPITAL DEMOLITON	CITY ATHLETIC FIELDS	STATE SEIZURE	CABLE PEG FEE FUND
ASSETS:										
Cash	\$ 12,903	\$ 19,911	\$ 284,478	\$ 196	\$ 3,094	\$ 28,085	\$ 1,110,377	\$ 22,896	\$ 36,023	\$ 155,131
Investments	-	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-
Other	-	-	78,688	-	-	-	-	-	-	6,376
Inventory	-	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 12,903	\$ 19,911	\$ 363,166	\$ 196	\$ 3,094	\$ 28,085	\$ 1,110,377	\$ 22,896	\$ 36,023	\$ 161,457
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Accounts Payable	\$ 3,775	\$ -	\$ 166	\$ 127	\$ -	\$ 203	\$ -	\$ 50	\$ 75	\$ -
Interfund Payable	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	3,775	-	166	127	-	203	-	50	75	-
DEREFERRED INFLOWS OF RESOURCES:										
Unavailable Revenues	-	-	-	-	-	-	-	-	-	-
FUND BALANCES:										
Nonspendable:										
Cemetery	-	-	-	-	-	-	-	-	-	-
Restricted:										
Debt Service	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-
Tourism and the Arts	-	-	363,000	-	-	-	-	-	-	-
Other	9,128	19,911	-	69	3,094	27,882	-	-	35,948	161,457
Assigned:										
Construction	-	-	-	-	-	-	1,110,377	-	-	-
Other	-	-	-	-	-	-	-	22,846	-	-
Unassigned										
TOTAL FUND BALANCES	9,128	19,911	363,000	69	3,094	27,882	1,110,377	22,846	35,948	161,457
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 12,903	\$ 19,911	\$ 363,166	\$ 196	\$ 3,094	\$ 28,085	\$ 1,110,377	\$ 22,896	\$ 36,023	\$ 161,457

CITY OF GAINESVILLE, TEXAS
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	CONSTRUCTION PROJECTS			DEBT SERVICE	PERMANENT FUNDS		TOTAL
	CONSTRUCTION PROJECTS FUND	2016 GO BONDS	2018 CO BONDS	DEBT SERVICE FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
ASSETS:							
Cash	\$ 1,191,795	\$ 1,048,309	\$ 2,222,710	\$ 1,531,813	\$ 1,630,284	\$ 11,225	\$ 9,309,230
Investments	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-
Taxes	-	-	-	64,424	-	-	64,424
Other	-	-	-	-	-	-	85,014
Inventory	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,191,795	\$ 1,048,309	\$ 2,222,710	\$ 1,596,237	\$ 1,630,284	\$ 11,225	\$ 9,458,668
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ 156,162	\$ 422,919	\$ 208,517	\$ -	\$ -	\$ -	\$ 791,994
Interfund Payable	-	-	-	-	-	-	-
TOTAL LIABILITIES	156,162	422,919	208,517	-	-	-	791,994
DEREFERRED INFLOWS OF RESOURCES:							
Unavailable Revenues	-	-	-	64,424	-	-	\$ 64,424
FUND BALANCES:							
Nonspendable:							
Cemetery	-	-	-	-	1,630,284	-	1,630,284
Restricted:							
Debt Service	-	-	-	1,531,813	-	-	1,531,813
Construction	-	625,390	2,014,193	-	-	-	2,639,583
Tourism and the Arts	-	-	-	-	-	-	363,000
Other	-	-	-	-	-	11,225	268,714
Assigned:							
Construction	1,035,633	-	-	-	-	-	2,146,010
Other	-	-	-	-	-	-	22,846
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	1,035,633	625,390	2,014,193	1,531,813	1,630,284	11,225	8,602,250
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 1,191,795	\$ 1,048,309	\$ 2,222,710	\$ 1,596,237	\$ 1,630,284	\$ 11,225	\$ 9,458,668

CITY OF GAINESVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	MUNICIPAL COURT TECH.	MUNICIPAL COURT SECURITY	HOTEL/ MOTEL	LAW ENFORCEMENT EDUCATION	FEDERAL SEIZURE	MUN COURT JUVENILE CASE MANAGER	HOSPITAL DEMOLITION	CITY ATHLETIC FIELDS	STATE SEIZURE	CABLE PEG FEE FUND
REVENUES										
Taxes:										
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	729,842	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	-	15,017	-	-
License & Permits	-	-	-	-	-	-	-	-	-	25,719
Fines & Forfeitures	13,149	9,856	-	-	-	19,657	-	-	-	-
Investment Income	244	417	3,424	39	62	631	25,301	409	673	3,018
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	3,539	-	-	-	-	12,287	-
TOTAL REVENUES	13,393	10,273	733,266	3,578	62	20,288	25,301	15,426	12,960	28,737
EXPENDITURES										
Current:										
General Government	-	-	160,786	-	-	-	2,265	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	13,183	462	-	3,522	-	1,066	-	-	5,733	-
Public Works	-	-	-	-	-	-	-	5,520	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	9,233	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	13,183	9,695	160,786	3,522	-	1,066	2,265	5,520	5,733	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	210	578	572,480	56	62	19,222	23,036	9,906	7,227	28,737
OTHER FINANCING SOURCES (USES):										
Funds Transferred In	-	-	-	-	-	-	-	72	-	-
Funds Transferred Out	-	-	(359,398)	-	-	(12,600)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(359,398)	-	-	(12,600)	-	72	-	-
NET CHANGE IN FUND BALANCES	210	578	213,082	56	62	6,622	23,036	9,978	7,227	28,737
FUND BALANCE - October 1	8,918	19,333	149,918	13	3,032	21,260	1,087,341	12,868	28,721	132,720
FUND BALANCE - September 30	\$ 9,128	\$ 19,911	\$ 363,000	\$ 69	\$ 3,094	\$ 27,882	\$ 1,110,377	\$ 22,846	\$ 35,948	\$ 161,457

CITY OF GAINESVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	CONSTRUCTION PROJECTS		DEBT SERVICE	PERMANENT FUNDS		TOTAL	
	CONSTRUCTION PROJECTS FUND	2016 GO BONDS	2018 CO BONDS	DEBT SERVICE FUND	CEMETERY PERMANENT		COHEN SCHOLARSHIP
REVENUES							
Taxes:							
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 2,328,999	\$ -	\$ -	\$ 2,328,999
Sales Taxes	-	-	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	729,842
Service Charges	-	-	-	-	-	-	15,017
License & Permits	-	-	-	-	-	-	25,719
Fines & Forfeitures	-	-	-	-	-	-	42,662
Investment Income	37,929	60,049	77,971	40,504	36,285	256	287,212
Intergovernmental Revenues	-	-	-	-	-	-	-
Other Income	-	-	-	15,840	31,355	-	63,021
TOTAL REVENUES	37,929	60,049	77,971	2,385,343	67,640	256	3,492,472
EXPENDITURES							
Current:							
General Government	1,393	-	-	113,189	-	-	277,633
Community Development	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	23,966
Public Works	-	-	-	-	-	-	5,520
Debt Service:							
Principal	-	-	-	1,185,787	-	-	1,185,787
Interest	-	-	-	581,498	-	-	581,498
Bond Issuance Costs	-	-	-	-	-	-	-
Capital Outlay	1,692,348	3,102,662	1,806,698	-	-	-	6,610,941
TOTAL EXPENDITURES	1,693,741	3,102,662	1,806,698	1,880,474	-	-	8,685,345
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,655,812)	(3,042,613)	(1,728,727)	504,869	67,640	256	(5,192,873)
OTHER FINANCING SOURCES (USES):							
Funds Transferred In	375,967	-	-	150,583	-	-	526,622
Funds Transferred Out	(30,000)	-	(7,106)	(569,832)	(4,200)	-	(983,136)
TOTAL OTHER FINANCING SOURCES (USES)	345,967	-	(7,106)	(419,249)	(4,200)	-	(456,514)
NET CHANGE IN FUND BALANCES	(1,309,845)	(3,042,613)	(1,735,833)	85,620	63,440	256	(5,649,387)
FUND BALANCE - October 1	2,345,478	3,668,003	3,750,026	1,446,193	1,566,844	10,969	14,251,637
FUND BALANCE - September 30	\$ 1,035,633	\$ 625,390	\$ 2,014,193	\$ 1,531,813	\$ 1,630,284	\$ 11,225	\$ 8,602,250



Budgetary Comparison Schedules
Major 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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Investment Income	5,000	40,000	49,340	9,340
Other Income	-	-	-	-
TOTAL REVENUES	<u>5,000</u>	<u>40,000</u>	<u>49,340</u>	<u>9,340</u>
EXPENDITURES				
Current:				
General Government	-	-	24,200	(24,200)
Capital Outlay	540,000	551,389	235,057	316,332
Total EXPENDITURES	<u>540,000</u>	<u>551,389</u>	<u>259,257</u>	<u>292,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(535,000)</u>	<u>(511,389)</u>	<u>(209,917)</u>	<u>301,472</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	2,923,186	2,923,186
Funds Transferred Out	-	(500,000)	(566,314)	(66,314)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(500,000)</u>	<u>2,356,872</u>	<u>2,856,872</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(535,000)</u>	<u>(1,011,389)</u>	<u>2,146,955</u>	<u>3,158,344</u>
FUND BALANCE - October 1	<u>2,733,783</u>	<u>2,733,783</u>	<u>2,733,783</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 2,198,783</u>	<u>\$ 1,722,394</u>	<u>\$ 4,880,738</u>	<u>\$ 3,158,344</u>



Budgetary Comparison Schedules
Nonmajor 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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Ad Valorem Taxes	\$ 2,263,424	\$ 2,252,423	\$ 2,328,999	\$ 76,576
Investment Income	24,000	35,000	40,504	5,504
Other Income	18,000	18,000	15,840	(2,160)
TOTAL REVENUES	<u>2,305,424</u>	<u>2,305,423</u>	<u>2,385,343</u>	<u>79,920</u>
EXPENDITURES				
Current:				
General Government	118,700	118,700	113,189	5,511
Debt Service				
Principal Retirement	1,185,787	1,185,787	1,185,787	-
Interest and Fiscal Charges	786,169	581,498	581,498	-
Debt Issuance Costs	-	-	-	-
TOTAL EXPENDITURES	<u>2,090,656</u>	<u>1,885,985</u>	<u>1,880,474</u>	<u>5,511</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>214,768</u>	<u>419,438</u>	<u>504,869</u>	<u>85,431</u>
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-
Funds Transferred In	150,583	150,583	150,583	-
Funds Transferred Out	(365,351)	(570,021)	(569,832)	189
TOTAL OTHER FINANCING SOURCES (USES)	<u>(214,768)</u>	<u>(419,438)</u>	<u>(419,249)</u>	<u>189</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	85,620	85,620
FUND BALANCE - October 1	<u>1,446,193</u>	<u>1,446,193</u>	<u>1,446,193</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 1,446,193</u>	<u>\$ 1,446,193</u>	<u>\$ 1,531,813</u>	<u>\$ 85,620</u>

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

**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, 2019**

	<u>BUDGET</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fines & Forfeitures	\$ 12,000	\$ 12,000	\$ 13,149	\$ 1,149
Investment Income	50	150	244	94
Other Income	-	-	-	-
TOTAL REVENUES	<u>12,050</u>	<u>12,150</u>	<u>13,393</u>	<u>1,243</u>
EXPENDITURES				
Current:				
Public Safety	<u>9,400</u>	<u>18,036</u>	<u>13,183</u>	<u>4,853</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,650</u>	<u>(5,886)</u>	<u>210</u>	<u>6,096</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,650	(5,886)	210	6,096
FUND BALANCE - October 1	<u>6,081</u>	<u>8,918</u>	<u>8,918</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 8,731</u>	<u>\$ 3,032</u>	<u>\$ 9,128</u>	<u>\$ 6,096</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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Fines & Forfeitures	\$ 10,000	\$ 10,000	\$ 9,856	\$ (144)
Investment Income	25	275	417	142
Other Income	-	-	-	-
TOTAL REVENUES	<u>10,025</u>	<u>10,275</u>	<u>10,273</u>	<u>(2)</u>
EXPENDITURES				
Current:				
Public Safety	4,800	450	462	(12)
Capital Outlay	2,000	8,983	9,233	(250)
TOTAL EXPENDITURES	<u>6,800</u>	<u>9,433</u>	<u>9,695</u>	<u>(262)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,225</u>	<u>842</u>	<u>578</u>	<u>(264)</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>3,225</u>	<u>842</u>	<u>578</u>	<u>(264)</u>
FUND BALANCE - October 1	<u>19,333</u>	<u>19,333</u>	<u>19,333</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 22,558</u>	<u>\$ 20,175</u>	<u>\$ 19,911</u>	<u>\$ (264)</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, 2019

	<u>BUDGET</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Other Local Taxes	\$ 600,000	\$ 600,000	\$ 729,842	\$ 129,842
Investment Income	5,000	5,000	3,424	(1,576)
Other Income	-	-	-	-
TOTAL REVENUES	<u>605,000</u>	<u>605,000</u>	<u>733,266</u>	<u>128,266</u>
EXPENDITURES				
Current:				
General Government	160,800	160,800	160,786	14
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>160,800</u>	<u>160,800</u>	<u>160,786</u>	<u>14</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>444,200</u>	<u>444,200</u>	<u>572,480</u>	<u>128,280</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(359,398)	(359,398)	(359,398)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(359,398)</u>	<u>(359,398)</u>	<u>(359,398)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	84,802	84,802	213,082	128,280
FUND BALANCE - October 1	<u>149,918</u>	<u>149,918</u>	<u>149,918</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 234,720</u>	<u>\$ 234,720</u>	<u>\$ 363,000</u>	<u>\$ 128,280</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, 2019**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	6	39	39	-
Other Income	3,500	3,539	3,539	-
TOTAL REVENUES	<u>3,506</u>	<u>3,578</u>	<u>3,578</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	3,500	3,539	3,522	17
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>3,500</u>	<u>3,539</u>	<u>3,522</u>	<u>17</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6</u>	<u>39</u>	<u>56</u>	<u>17</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>6</u>	<u>39</u>	<u>56</u>	<u>17</u>
FUND BALANCE - October 1	<u>13</u>	<u>13</u>	<u>13</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 19</u>	<u>\$ 52</u>	<u>\$ 69</u>	<u>\$ 17</u>

CITY OF GAINESVILLE, TEXAS
MUNICIPAL COURT JUVENILE CASE MANAGER
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Fines & Forfeitures	\$ 13,500	\$ 18,500	\$ 19,657	\$ 1,157
Investment Income	45	350	631	281
Other Income	-	-	-	-
TOTAL REVENUES	<u>13,545</u>	<u>18,850</u>	<u>20,288</u>	<u>1,438</u>
EXPENDITURES				
Current:				
Public Safety	1,100	553	1,066	(513)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>1,100</u>	<u>553</u>	<u>1,066</u>	<u>(513)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,445</u>	<u>18,297</u>	<u>19,222</u>	<u>925</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(12,600)	(12,600)	(12,600)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,600)</u>	<u>(12,600)</u>	<u>(12,600)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(155)	5,697	6,622	925
FUND BALANCE - October 1	<u>21,260</u>	<u>21,260</u>	<u>21,260</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 21,105</u>	<u>\$ 26,957</u>	<u>\$ 27,882</u>	<u>\$ 925</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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for Services	\$ 19,200	\$ 19,200	\$ 15,017	\$ (4,183)
Investment income	100	200	409	209
Other income	-	-	-	-
TOTAL REVENUES	<u>19,300</u>	<u>19,400</u>	<u>15,426</u>	<u>(3,974)</u>
EXPENDITURES				
Current:				
Public Works	-	5,000	5,520	(520)
Capital Outlay	15,000	10,000	-	10,000
TOTAL EXPENDITURES	<u>15,000</u>	<u>15,000</u>	<u>5,520</u>	<u>9,480</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,300</u>	<u>4,400</u>	<u>9,906</u>	<u>5,506</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	72	72
Funds Transferred (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>72</u>	<u>72</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>4,300</u>	<u>4,400</u>	<u>9,978</u>	<u>5,578</u>
FUND BALANCE -OCTOBER 1	<u>12,868</u>	<u>12,868</u>	<u>12,868</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 17,168</u>	<u>\$ 17,268</u>	<u>\$ 22,846</u>	<u>\$ 5,578</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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
License & Permits	\$ 22,000	\$ 12,800	\$ 25,719	\$ 12,919
Investment Income	1,000	2,700	3,018	318
Other Income	-	-	-	-
TOTAL REVENUES	<u>23,000</u>	<u>15,500</u>	<u>28,737</u>	<u>13,237</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,000</u>	<u>15,500</u>	<u>28,737</u>	<u>13,237</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>23,000</u>	<u>15,500</u>	<u>28,737</u>	<u>13,237</u>
FUND BALANCE - October 1	<u>132,720</u>	<u>132,720</u>	<u>132,720</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 155,720</u>	<u>\$ 148,220</u>	<u>\$ 161,457</u>	<u>\$ 13,237</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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	30	60	62	2
Other income	-	-	-	-
TOTAL REVENUES	<u>30</u>	<u>60</u>	<u>62</u>	<u>2</u>
EXPENDITURES				
Current:				
Public Works	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>30</u>	<u>60</u>	<u>62</u>	<u>2</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>30</u>	<u>60</u>	<u>62</u>	<u>2</u>
FUND BALANCE -OCTOBER 1	<u>3,032</u>	<u>3,032</u>	<u>3,032</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 3,062</u>	<u>\$ 3,092</u>	<u>\$ 3,094</u>	<u>\$ 2</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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	306	600	673	73
Other income	-	7,500	12,287	4,787
TOTAL REVENUES	<u>306</u>	<u>8,100</u>	<u>12,960</u>	<u>4,860</u>
EXPENDITURES				
Current:				
Public Safety	2,000	4,206	5,733	(1,527)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>2,000</u>	<u>4,206</u>	<u>5,733</u>	<u>(1,527)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,694)</u>	<u>3,894</u>	<u>7,227</u>	<u>3,333</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,694)</u>	<u>3,894</u>	<u>7,227</u>	<u>3,333</u>
FUND BALANCE -OCTOBER 1	<u>28,721</u>	<u>28,721</u>	<u>28,721</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 27,027</u>	<u>\$ 32,615</u>	<u>\$ 35,948</u>	<u>\$ 3,333</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, 2019

	<u>BUDGET</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	12,000	24,000	25,301	1,301
Other Income	-	-	-	-
TOTAL REVENUES	<u>12,000</u>	<u>24,000</u>	<u>25,301</u>	<u>1,301</u>
EXPENDITURES				
Current:				
General Government	200	1,000	2,265	(1,265)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>200</u>	<u>1,000</u>	<u>2,265</u>	<u>(1,265)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,800</u>	<u>23,000</u>	<u>23,036</u>	<u>36</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(500,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(488,200)</u>	<u>23,000</u>	<u>23,036</u>	<u>36</u>
FUND BALANCE - October 1	<u>1,087,341</u>	<u>1,087,341</u>	<u>1,087,341</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 599,141</u>	<u>\$ 1,110,341</u>	<u>\$ 1,110,377</u>	<u>\$ 36</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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	18,000	32,000	36,285	4,285
Other income	40,000	36,000	31,355	(4,645)
TOTAL REVENUES	<u>58,000</u>	<u>68,000</u>	<u>67,640</u>	<u>(360)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>58,000</u>	<u>68,000</u>	<u>67,640</u>	<u>(360)</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	(4,200)	(32,000)	(4,200)	27,800
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,200)</u>	<u>(32,000)</u>	<u>(4,200)</u>	<u>27,800</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	53,800	36,000	63,440	27,440
FUND BALANCE -OCTOBER 1	<u>1,566,844</u>	<u>1,566,844</u>	<u>1,566,844</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 1,620,644</u>	<u>\$ 1,602,844</u>	<u>\$ 1,630,284</u>	<u>\$ 27,440</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, 2019

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	150	200	256	56
Other income	-	-	-	-
TOTAL REVENUES	<u>150</u>	<u>200</u>	<u>256</u>	<u>56</u>
EXPENDITURES				
Current:				
General government	<u>500</u>	<u>200</u>	<u>-</u>	<u>200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(350)</u>	<u>-</u>	<u>256</u>	<u>256</u>
OTHER FINANCING SOURCES (USES)				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(350)</u>	<u>-</u>	<u>256</u>	<u>256</u>
FUND BALANCE -OCTOBER 1	<u>10,969</u>	<u>10,969</u>	<u>10,969</u>	<u>-</u>
FUND BALANCE-SEPTEMBER 30	<u>\$ 10,619</u>	<u>\$ 10,969</u>	<u>\$ 11,225</u>	<u>\$ 256</u>



Federal Awards Section



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, 2019, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Texas's basic financial statements, and have issued our report thereon dated February 21, 2020.

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.
Gainesville, Texas
February 21, 2020



Statistical Section

STATISTICAL SECTION

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

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	114
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources that include charges for services in Water & Sewer Fund and Solid Waste Fund, property tax and sales tax.	122
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	133
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	137
Operating Information These schedules contain personnel, service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	\$ 2,633,311	\$ (1,359,842)	\$ (1,209,809)	\$ 4,129,634	\$ 3,551,425	\$ 7,022,501	\$ 4,216,159	\$ 8,390,227	\$ 9,603,733	\$ 19,333,132
Committed	1,241,202	1,272,802	1,327,746	1,374,067	1,420,639	1,438,672	0	0	0	0
Restricted	0	0	0	0	0	6,257,929	12,206,817	8,844,766	7,055,924	6,433,394
Unrestricted	6,487,507	13,574,502	18,787,054	15,860,901	20,892,158	9,587,756	9,612,542	11,266,409	13,784,265	5,636,734
Total governmental activities net position	\$ 10,362,020	\$ 13,487,462	\$ 18,904,991	\$ 21,364,602	\$ 25,864,222	\$ 24,306,858	\$ 26,035,518	\$ 28,501,402	\$ 30,443,922	\$ 31,403,260
Business-type activities										
Net Investment in capital assets	\$ 1,955,664	\$ 5,535,078	\$ 6,282,114	\$ 7,684,214	\$ 16,196,466	\$ 17,184,026	\$ 18,033,774	\$ 19,595,322	\$ 23,219,516	\$ 25,343,688
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	5,468,599	3,852,677	4,447,825	5,531,782	5,408,349	4,695,184	5,687,456	6,155,259	5,224,201	5,743,289
Total business-type activities net position	\$ 7,424,263	\$ 9,387,755	\$ 10,729,939	\$ 13,215,996	\$ 21,604,815	\$ 21,879,210	\$ 23,721,230	\$ 25,750,581	\$ 28,443,717	\$ 31,086,977
Primary government										
Net Investment in capital assets	\$ 6,372,537	\$ 4,588,975	\$ 5,072,305	\$ 11,813,848	\$ 19,747,891	\$ 24,206,527	\$ 22,249,933	\$ 27,985,549	\$ 32,823,249	\$ 44,676,820
Restricted for Permanent Endowment	1,208,887	1,241,202	1,327,746	1,374,067	1,420,639	1,438,672	0	0	0	0
Restricted	0	0	0	0	0	6,257,929	12,206,817	8,844,766	7,055,924	6,433,394
Unrestricted	7,360,183	11,956,106	23,234,879	21,392,683	26,300,507	14,282,940	15,299,998	17,421,668	19,008,466	11,380,023
Total primary government net position	\$ 17,786,283	\$ 22,875,217	\$ 29,634,930	\$ 34,580,598	\$ 47,469,037	\$ 46,186,068	\$ 49,756,748	\$ 54,251,983	\$ 58,887,639	\$ 62,490,237

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

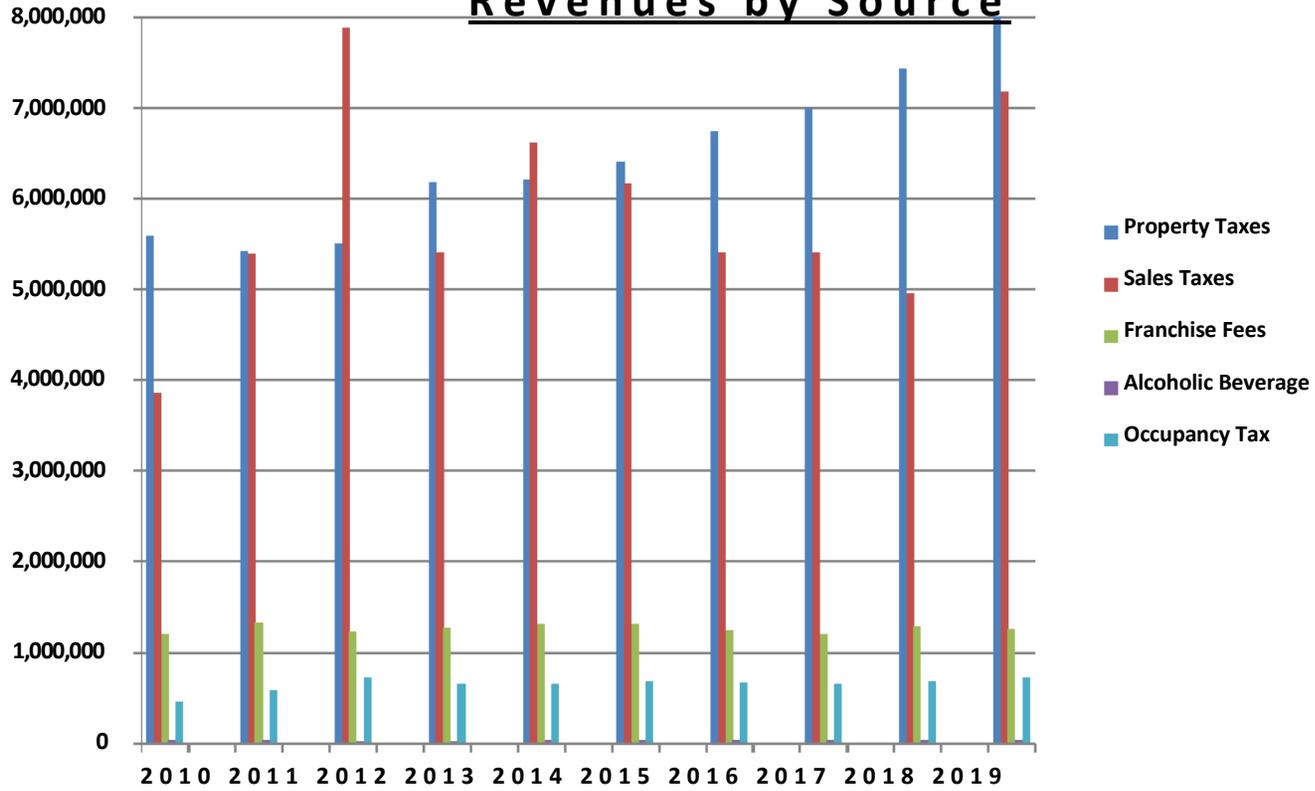
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General Government	\$2,029,423	\$2,043,290	\$2,041,635	\$2,036,650	\$2,301,376	\$2,134,433	\$2,057,544	\$2,007,940	\$2,034,864	\$3,550,161
Community Development	410,999	347,571	375,589	488,974	499,803	474,022	460,691	501,330	564,677	606,461
Finance	401,758	400,922	406,189	462,758	404,366	424,733	453,957	457,878	473,764	570,144
Public Safety	7,462,751	7,747,905	7,661,491	8,108,422	8,262,814	8,469,599	9,014,024	9,075,713	9,333,202	10,855,628
General/Public Services	3,419,627	3,347,486	3,376,631	3,572,040	3,731,174	3,790,990	4,216,838	4,256,146	4,286,595	4,604,822
Bond Issuance Cost	0	0	0	0	79,487	0	0	0	60,538	0
Interest on Long-Term Debt	450,764	808,937	674,442	703,793	544,840	609,610	672,462	564,734	537,896	560,955
Total Governmental Activities Expenditures	14,175,322	14,696,111	14,535,977	15,372,637	15,823,860	15,903,387	16,875,516	16,863,741	17,291,536	20,748,171
Business-Type Activities:										
Water and Sewer	5,539,750	5,890,140	5,707,742	5,532,425	6,450,530	6,084,430	5,928,017	5,940,976	6,072,866	6,302,691
Municipal Airport	1,097,044	1,339,425	1,382,664	1,254,272	1,336,488	1,162,751	1,187,416	1,250,031	1,446,481	1,454,466
Golf Course	550,564	558,961	424,216	387,220	390,556	380,340	351,975	298,029	320,271	389,876
Stormwater	393,324	194,267	226,363	261,470	373,440	397,236	401,177	595,174	547,183	695,052
Solid Waste	2,446,737	2,316,359	2,653,827	2,638,857	2,775,951	2,454,876	2,684,735	2,773,845	2,814,258	3,150,716
Total Business-Type Activities Expenses	10,027,419	10,299,152	10,394,812	10,074,244	11,326,965	10,479,633	10,553,320	10,858,055	11,201,059	11,992,801
Total Primary Government Expenditures	\$24,202,741	\$24,995,263	\$24,930,789	\$25,446,881	\$27,150,825	\$26,383,020	\$27,428,836	\$27,721,796	\$28,492,595	\$32,740,972
Program Revenues										
Governmental Activities:										
Fines, Fees, Charges for Services										
General Government	\$0	\$0	\$40,808	\$32,159	\$0	\$22,331	\$28,075	\$27,688	\$12,979	\$25,719
Community Development	372,813	481,946	546,688	560,554	691,640	665,918	272,729	837,926	948,033	837,068
Public Safety	425,670	471,929	361,494	123,184	272,044	375,469	578,735	514,831	649,699	682,857
General/Public Services	453,449	518,943	533,552	605,285	675,361	423,529	1,059,423	663,665	680,291	636,234
Operating Grants and Contributions	235,593	268,736	259,748	409,629	260,794	50,600	325,203	91,970	398,314	79,290
Total Governmental Activities Program Revenues	1,487,525	1,741,554	1,742,290	1,730,811	1,899,839	1,537,847	2,264,165	2,136,080	2,689,316	2,261,168
Program Revenues (continued)										
Business-Type Activities:										
Fines, Fees, Charges for Services										
Water and Sewer	\$7,106,996	\$7,691,710	\$7,803,192	\$7,494,981	\$7,510,490	\$7,541,024	\$8,111,187	\$7,803,109	\$8,527,147	\$8,227,772
Municipal Airport	896,501	1,132,279	1,164,363	1,141,161	1,250,890	989,594	1,007,774	995,814	1,206,758	1,233,917
Golf Course	285,532	270,195	76,110	172,214	193,863	141,525	140,044	176,643	211,126	159,047
Stormwater	960,287	949,795	952,558	1,003,269	1,002,231	1,003,379	990,405	936,628	922,233	917,858
Solid Waste	3,395,912	3,591,358	3,798,315	4,383,827	3,690,851	3,812,793	4,069,815	4,093,404	4,616,172	4,620,566

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Grants and Contributions	919,693	377,385	276,940	0	472,676	86,996	117,941	34,722	21,448	28,941
Total Business-Type Activities Program Revenues	13,564,921	14,012,722	14,071,478	14,195,452	14,121,001	13,575,311	14,437,166	14,040,320	15,504,884	15,188,101
Total Primary Government Program Revenues	\$15,052,446	\$15,754,276	\$15,813,768	\$15,926,263	\$16,020,840	\$15,113,158	\$16,701,331	\$16,176,400	\$18,194,200	\$17,449,269
Net (Expenses)/Revenue										
Governmental Activities	(\$12,687,797)	(\$12,954,557)	(\$12,793,687)	(\$13,641,826)	(\$13,924,021)	(\$14,365,540)	(\$14,611,351)	(\$14,727,661)	(\$14,602,220)	(\$18,487,003)
Business-Type Activities	3,537,502	3,713,570	3,676,666	4,121,208	2,794,036	3,095,678	3,883,846	3,182,265	4,303,825	3,195,300
Total Primary Government	(\$9,150,295)	(\$9,240,987)	(\$9,117,021)	(\$9,520,618)	(\$11,129,985)	(\$11,269,862)	(\$10,727,505)	(\$11,545,396)	(\$10,298,395)	(\$15,291,703)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$5,626,157	\$5,424,213	\$5,501,785	\$6,200,651	\$6,216,770	\$6,400,677	\$6,742,089	\$7,003,766	\$7,436,261	\$8,163,897
Sales Taxes	3,961,931	5,401,018	7,875,346	5,409,389	6,622,880	6,167,640	5,404,024	5,403,311	4,958,203	7,176,658
Other Taxes & Fees	1,697,810	1,935,302	1,993,321	1,954,504	2,002,165	2,040,775	1,940,453	1,896,032	1,992,681	2,030,139
Investment Income	31,581	32,797	25,372	28,797	11,821	18,749	79,942	179,997	409,811	607,236
Miscellaneous	657,349	1,322,069	476,078	476,078	1,459,148	359,767	966,743	387,875	61,116	486,194
Transfers In (Out)	2,002,451	2,108,944	2,339,314	2,339,314	2,110,857	1,865,324	2,511,059	2,322,564	2,141,203	982,217
Total Government Activities	13,977,279	16,224,343	18,211,216	16,408,733	18,423,641	16,852,932	17,644,310	17,193,545	16,999,275	19,446,341
Business-Type Activities:										
Investment Income	11,181	4,462	4,832	6,778	5,795	11,927	52,415	92,919	165,413	252,792
Miscellaneous	8,962	10,000	0	998,514	7,699,845	0	50,217	1,076,731	470,115	177,385
Transfers In (Out)	(2,002,451)	(2,108,944)	(2,339,314)	(2,339,314)	(2,110,857)	(1,865,324)	(2,511,059)	(2,322,564)	(2,141,203)	(982,217)
Total Business-Type Activities	(1,982,308)	(2,094,482)	(2,334,482)	(1,334,022)	5,594,783	(1,853,397)	(2,408,427)	(1,152,914)	(1,505,675)	(552,040)
Total Primary Government	\$11,994,971	\$14,129,861	\$15,876,734	\$15,074,711	\$24,018,424	\$14,999,535	\$15,235,883	\$16,040,631	\$15,493,600	\$18,894,301
Change in Net Position										
Governmental Activities	\$1,289,482	\$3,269,786	\$5,417,529	\$2,766,907	\$4,499,620	\$2,487,392	\$3,032,959	\$2,465,884	\$2,397,055	\$959,338
Business-Type Activities	1,555,194	1,619,088	1,342,184	2,787,186	8,388,819	1,242,281	1,475,419	2,029,351	2,798,150	2,643,260
Total Primary Government	\$2,844,676	\$4,888,874	\$6,759,713	\$5,554,093	\$12,888,439	\$3,729,673	\$4,508,378	\$4,495,235	\$5,195,205	\$3,602,598

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

Fiscal Year	Property Taxes	Sales Taxes	Franchise Fees	Alcoholic Beverage Taxes	Occupancy Tax	Total
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
2018	7,436,261	4,958,203	1,279,335	36,271	677,075	14,387,145
2019	\$ 8,163,897	\$ 7,176,658	\$ 1,261,622	\$ 38,675	\$ 729,842	\$ 17,370,694

Governmental Activities Tax and Franchise Fee Revenues by Source



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved/Restricted	\$628	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	5,051,487	0	0	0	0	0	0	0	0	0
Nonspendable	0	459	0	770	978	547	6,597	7,944	8,532	12,702
Assigned:										
Construction	0	0	2,254,213	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Unassigned	0	6,679,703	6,880,162	7,216,399	7,407,227	7,583,096	7,397,240	8,892,045	8,916,457	9,000,705
Total General Fund	\$5,052,115	\$6,680,162	\$9,134,375	\$7,217,169	\$7,408,205	\$7,583,643	\$7,403,837	\$8,899,989	\$8,924,989	\$9,013,407
All Other Governmental Funds										
Reserved	\$3,895,572	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved, reported in:										
Special Revenue Funds	86,580	0	0	0	0	0	0	0	0	0
Capital Projects Funds	0	0	0	0	0	0	0	0	0	0
Nonspendable	0	0	0	770	0	0	0	0	0	0
Restricted:										
Debt Service	0	844,347	1,022,513	1,024,748	1,063,979	948,521	1,244,098	1,371,883	1,446,193	1,531,813
Construction	0	4,930,607	5,315,306	3,760,040	5,000,089	4,517,997	8,725,955	5,065,270	3,668,003	2,639,583
Tourism and the Arts	0	353,043	601,934	768,661	789,424	446,397	613,710	691,782	149,918	363,000
Other	0	63,139	91,591	106,663	165,888	120,288	155,293	203,881	224,966	268,714
Nonspendable										
Cemetery	0	1,272,802	1,327,746	1,374,067	1,409,953	1,427,979	1,467,761	1,511,950	1,566,844	1,630,284
Assigned:										
Stanford House	0	162,312	211,859	206,429	239,828	0	0	0	0	0
Construction	0	114,862	2,035,103	2,564,024	2,477,635	334,032	3,899,903	4,253,649	7,182,845	2,146,010
Other	0	18,189	27,528	48,354	4,137,962	5,678,426	2,887,585	2,539,967	2,746,651	4,903,584
Unassigned	0	0	0	0	0	0	0	0	0	0
Total All Other Governmental Funds	\$3,982,152	\$7,759,301	\$10,633,580	\$9,853,756	\$15,284,758	\$13,473,640	\$18,994,305	\$24,538,371	\$25,910,409	\$22,496,395

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

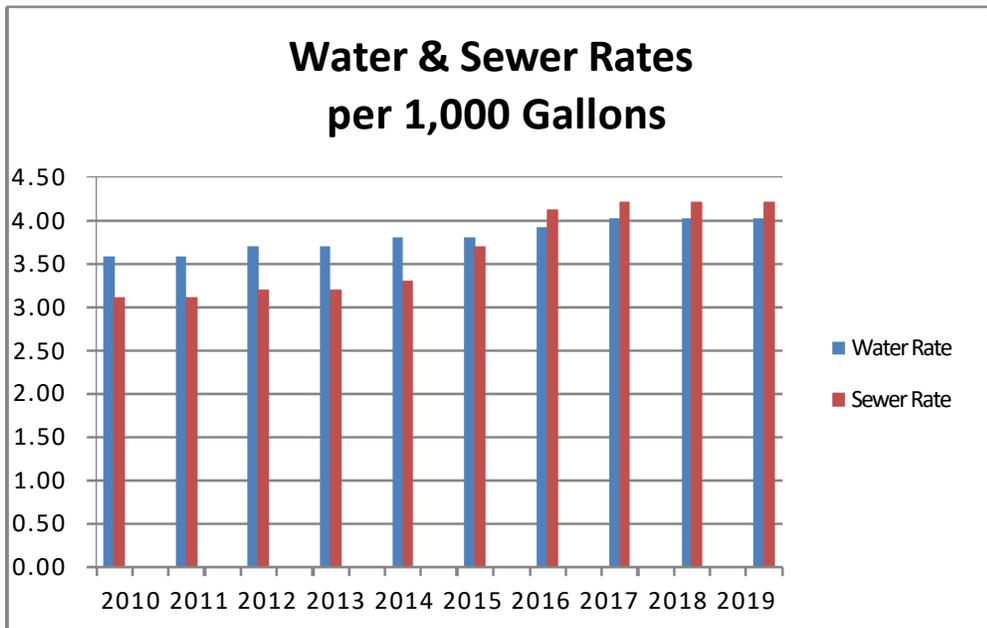
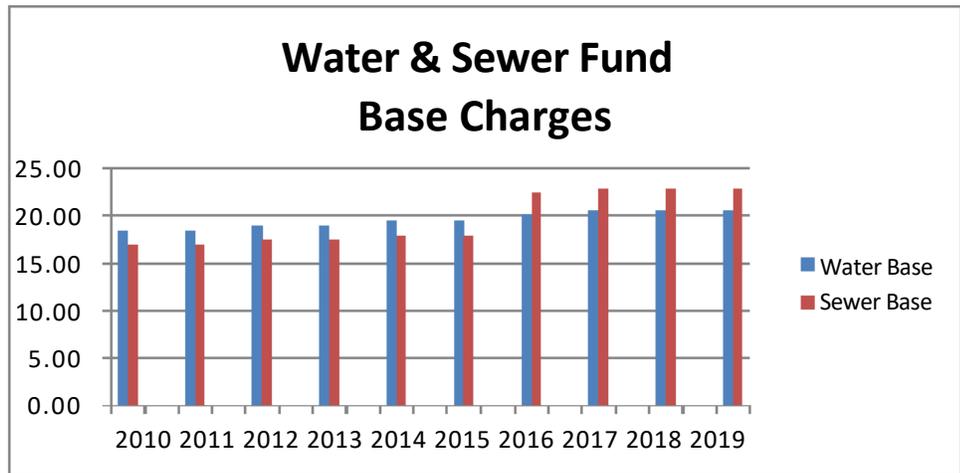
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad Valorem Taxes	\$ 5,598,223	\$ 5,470,155	\$ 5,508,886	\$ 6,200,651	\$ 6,227,465	\$ 6,417,559	\$ 6,694,561	\$ 7,017,525	\$ 7,420,034	\$ 8,163,897
Sales Taxes	3,854,804	5,401,018	7,875,346	5,409,389	6,622,880	6,167,640	5,404,024	5,403,311	4,958,203	7,176,658
Other Local Taxes/Fees	1,697,810	1,935,302	1,993,321	1,954,504	2,002,165	2,040,775	1,940,453	1,896,032	1,992,681	2,030,139
Service Charges	686,216	796,144	835,854	896,422	1,091,780	846,746	1,059,423	1,077,957	1,096,726	1,050,566
License & Permits	140,046	204,745	285,195	269,957	275,221	265,032	300,804	451,322	544,577	448,455
Fines & Forfeitures	464,628	367,930	371,319	301,256	394,361	382,478	530,929	411,158	517,495	589,622
Interest from Investments	31,582	32,797	25,370	26,220	11,821	18,753	65,078	179,997	409,808	607,236
Intergovernmental Revenues	309,615	268,736	259,748	409,629	260,794	50,600	325,203	91,970	398,314	79,290
Other Income	657,348	1,322,070	485,357	1,441,807	1,315,154	389,004	981,607	462,327	434,285	486,194
Total Revenues	\$ 13,440,272	\$ 15,798,897	\$ 17,640,396	\$ 16,909,835	\$ 18,201,641	\$ 16,578,587	\$ 17,302,082	\$ 16,991,599	\$ 17,772,123	\$ 20,632,057
Expenditures										
General Government	\$ 1,596,675	\$ 1,516,231	\$ 1,684,168	\$ 1,691,503	\$ 1,976,208	\$ 1,807,994	\$ 1,838,049	\$ 1,818,903	\$ 1,816,368	\$ 1,946,717
Community Development	366,368	313,163	333,267	439,962	440,433	417,969	442,832	492,433	559,483	571,592
Finance	402,465	399,691	401,010	445,875	418,602	428,260	443,431	455,004	479,609	534,994
Public Safety	7,144,821	7,373,057	7,267,715	7,621,916	7,848,716	8,089,744	8,305,934	8,428,432	8,541,870	9,594,939
Public Works	2,945,265	2,872,241	2,868,685	2,981,317	3,105,835	3,133,526	3,440,987	3,407,905	3,418,158	3,561,007
Non-Departmental	0	202,193	0	0	0	0	0	0	0	808
Capital Outlay	917,862	4,533,090	3,308,994	6,824,053	3,982,712	3,996,564	2,914,482	4,467,059	5,930,485	8,070,672
Debt Service:										
Principal	978,483	1,039,008	1,189,641	1,375,923	1,371,400	1,429,204	1,355,894	1,379,709	1,523,891	1,341,853
Interest	463,946	774,173	656,586	741,728	561,934	603,212	531,118	724,489	518,138	606,292
Bond Issuance Cost	0	0	70,812	0	79,487	0	0	0	43,791	0
Total Expenditures	\$ 14,815,885	\$ 19,022,847	\$ 17,780,878	\$ 22,122,277	\$ 19,785,327	\$ 19,906,473	\$ 19,272,727	\$ 21,173,934	\$ 22,831,793	\$ 26,228,874
Excess of revenues over(under) expenditures	(1,375,613)	(3,223,950)	(140,482)	(5,212,442)	(1,583,686)	(3,327,886)	(1,970,645)	(1,970,645)	(5,059,670)	(5,596,817)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other financing Sources (Uses):										
Proceeds from Bond Issues	1,979,525	0	3,129,660	0	5,095,637	0	7,715,806	0	6,068,745	634,383
Payment to Bond Escrow Agent	0	0	0	0	0	0	(3,210,454)	0	(1,778,240)	0
Premium on Debt Issuance	0	0	0	0	0	0	519,819	0	0	0
Funds transferred In	3,338,694	3,816,647	5,543,233	6,493,478	5,846,196	5,105,940	8,959,511	3,611,435	8,375,453	6,749,013
Funds transferred out	(1,336,243)	(1,709,703)	(3,203,919)	(3,978,836)	(3,735,339)	(3,240,616)	(6,448,452)	(1,288,871)	(6,234,250)	(5,187,714)
Total Other Financing Sources(Uses)	3,981,976	2,106,944	5,468,974	2,514,642	7,206,494	1,865,324	7,536,230	2,322,564	6,431,708	2,195,682
Net Change in Fund Balances	\$2,606,363	(\$1,117,006)	\$5,328,492	(\$2,697,800)	\$5,622,808	(\$1,462,562)	\$5,565,585	\$351,919	\$1,372,038	(\$3,401,135)
Debt Service as a percentage of Noncapital Expenditures	10.38%	12.51%	12.76%	13.84%	12.23%	12.77%	11.54%	12.59%	12.08%	10.73%

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

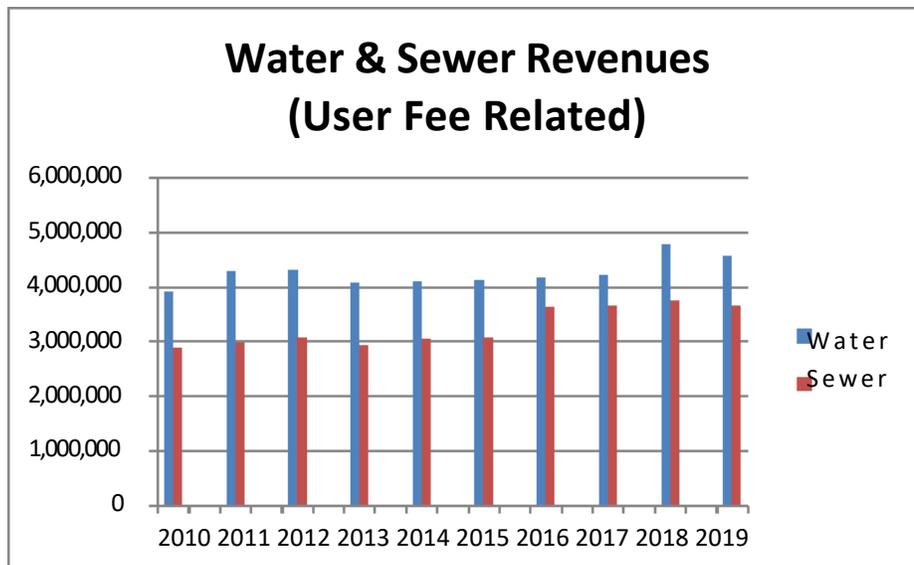
Fiscal Year	Water Base (per month)	Water Rate (per 1000 gals)	Sewer Base (per month)	Sewer Rate (per 1000 gals)
2010	18.41	3.58	16.91	3.11
2011	18.41	3.58	16.91	3.11
2012	18.96	3.69	17.42	3.20
2013	18.96	3.69	17.42	3.20
2014	19.53	3.80	17.94	3.30
2015	19.53	3.80	17.94	3.69
2016	20.12	3.92	22.43	4.13
2017	20.62	4.02	22.88	4.21
2018	20.62	4.02	22.88	4.21
2019	\$20.62	\$4.02	\$22.88	\$4.21

Source: City of Gainesville Customer Service



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

Fiscal Year	Water Related Revenues	Sewer Related Revenues	Total
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
2018	4,789,781	3,737,366	8,527,147
2019	\$4,581,849	\$3,645,923	\$8,227,772

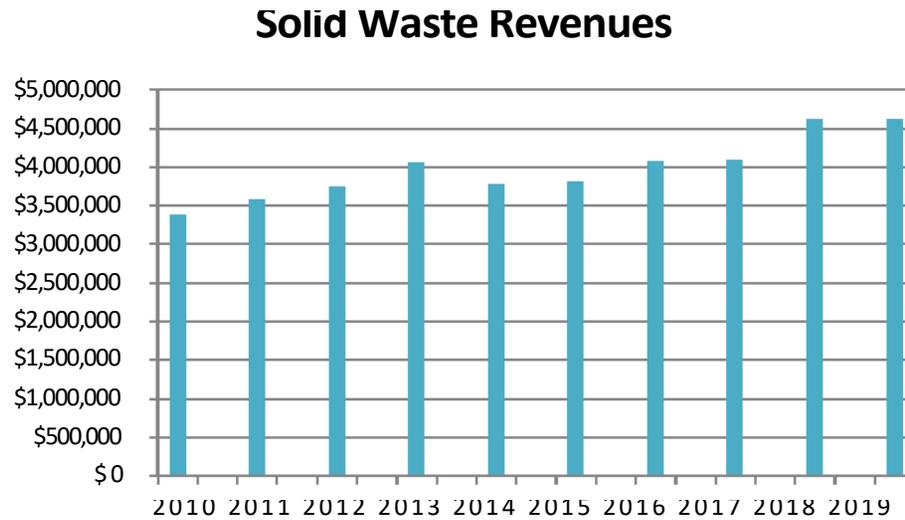


**City of Gainesville, Texas
Ten Largest Consumers of Water
Current Year and Nine Years Ago**

Customer	2019		2010	
	Total Consumption For Customer Rank (in gallons)		Total Consumption For Customer Rank (in gallons)	
Frank Buck Zoo	9,446,900	1	10,494,100	2
Gainesville State School	7,438,000	2	10,366,000	3
The Liberty Crossing	7,058,300	3		
Safran Seats (formerly Zodiac)	5,632,170	4	15,505,440	1
Real Income Partners	5,100,290	5		
Cooke County Justice Center	4,665,980	6		
Gainesville Nursing and Rehab	4,014,120	7		
Gainesville Ind. School District	3,914,600	9	4,058,170	8
Walmart Stores	3,758,620	10		
North Central College			9,454,050	4
Polypipe Inc			5,616,600	5
Pecan Tree Manor			5,139,500	6
Hunters Car Wash			4,064,000	7
Sunset Village			3,972,650	9
River Valley Health and Rehab			3,857,800	10
Total Water Consumption	51,028,980		72,528,310	

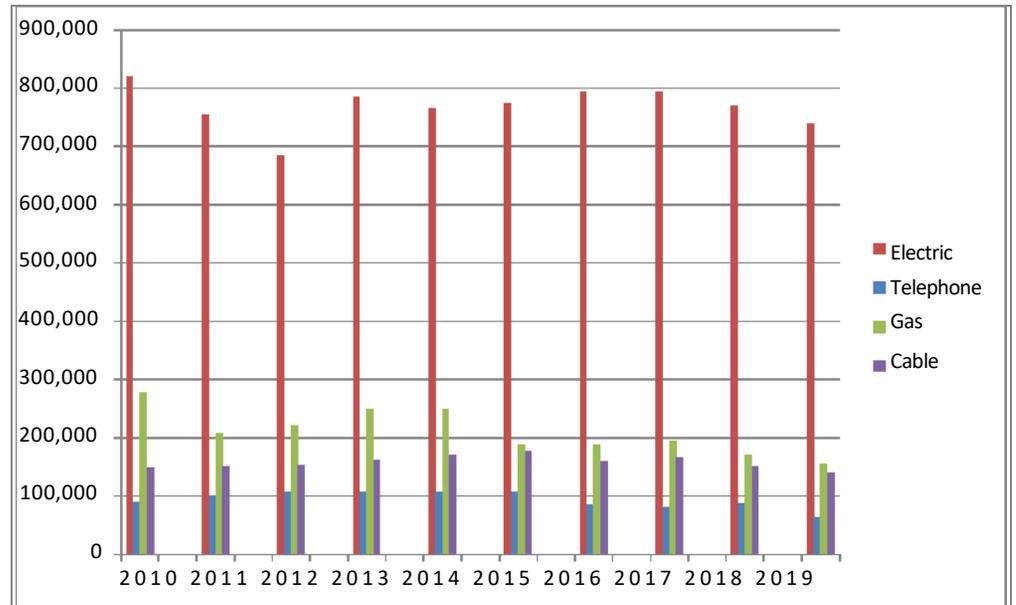
**City of Gainesville, Texas
Solid Waste Fund Revenues
Last Ten Fiscal Years**

Fiscal Year	Charges for Service Revenues
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	4,093,404
2018	4,616,172
2019	\$4,620,566



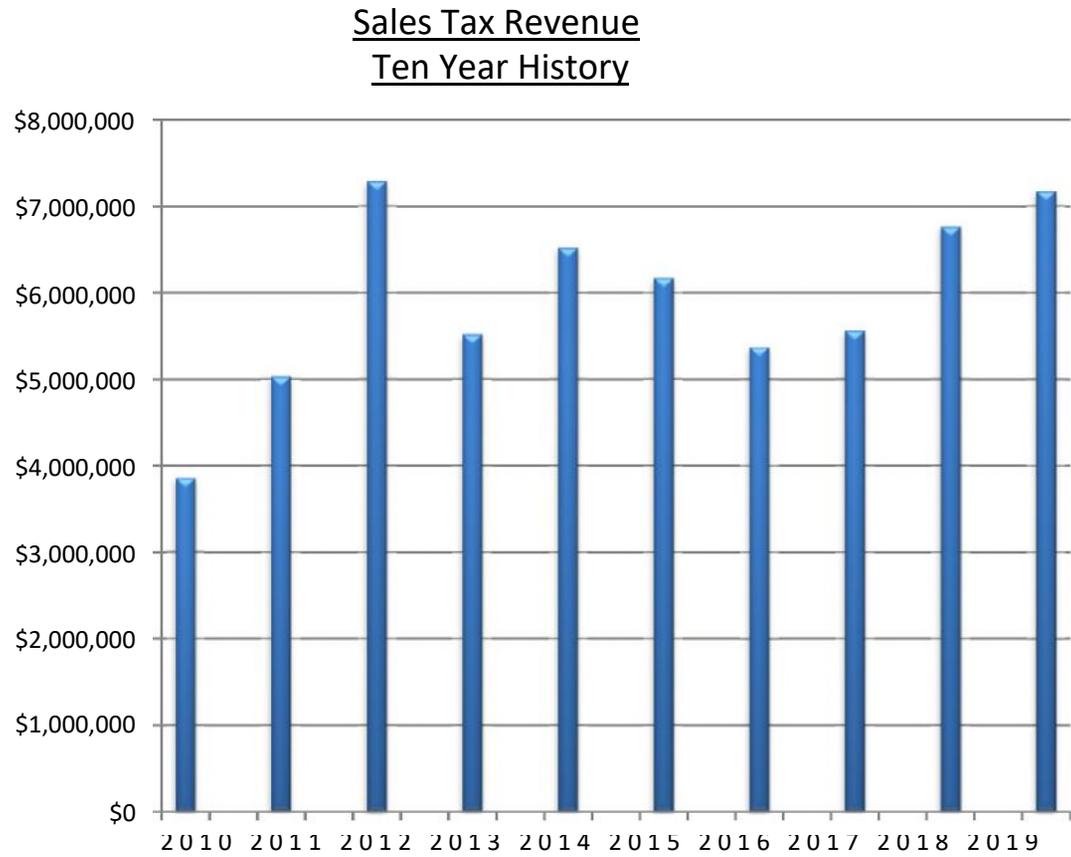
**City of Gainesville, Texas
Franchise Fees
Last Ten Fiscal Years**

Fiscal Year	Electric	Telephone	Gas	Cable
2010	685,342	107,049	222,192	154,453
2011	785,000	107,000	250,850	161,725
2012	765,000	107,000	250,850	172,000
2013	774,027	107,000	188,000	178,880
2014	794,908	85,000	189,880	160,000
2015	794,908	81,660	195,235	166,340
2016	770,240	87,426	170,614	151,400
2017	739,346	63,435	155,188	141,053
2018	764,417	86,091	224,776	125,196
2019	787,653	51,826	191,209	140,613



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

Fiscal Year	Sales Tax Revenue
2010	3,854,804
2011	5,029,944
2012	7,288,524
2013	5,513,848
2014	6,518,421
2015	6,167,640
2016	5,370,418
2017	5,558,686
2018	6,762,505
2019	7,176,658



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

Fiscal Year	State of Texas	Cooke County	City of Gainesville	Gainesville Economic Development	Totals
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%
2018	6.25%	0.50%	1.25%	0.25%	8.25%
2019	6.25%	0.50%	1.25%	0.25%	8.25%

Source: Texas State Comptroller's Office

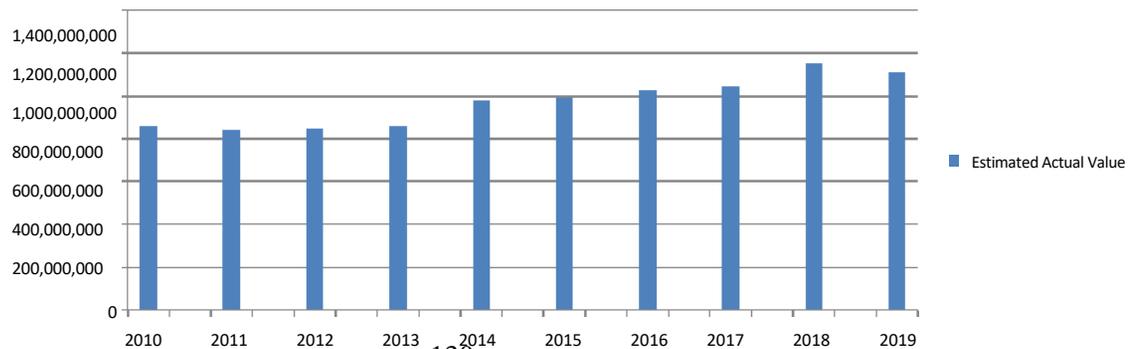
**Assessed and Estimated Actual Value of Property (1)
Last Ten Fiscal Years**

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		
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	269,937,257 (2)	861,822,717	861,822,717	0.646000	100.0%
2014	806,604,990	806,604,990	485,569,221	485,569,221	309,805,953	982,368,258	982,368,258	0.687822	100.0%
2015	805,382,183	805,382,183	451,099,647	451,099,647	266,968,268	989,513,562	989,513,562	0.697822	100.0%
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%
2018	939,547,849	939,547,849	575,320,726	575,320,726	364,874,399	1,149,994,176	1,149,994,176	0.722540	100.0%
2019	\$ 1,080,438,626	\$ 1,080,438,626	\$ 446,336,220	\$ 446,336,220	\$ 418,621,033	\$ 1,108,153,813	\$ 1,108,153,813	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	
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	0.43236	0.21464	0.64700	0.32460	0.03270	0.35730	1.04000	0.23532	1.27532	1.14980	0.10030	1.25010	3.52972
2012	0.43426	0.21274	0.64700	0.34130	0.02060	0.36190	1.04000	0.29432	1.33432	1.15050	0.09940	1.24990	3.59312
2013	0.45850	0.18850	0.64700	0.32650	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	0.36520	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
2018	0.46770	0.25480	0.72250	0.47520	0.01860	0.49380	1.17000	0.11000	1.28000	1.17390	0.12610	0.00000	2.49630
2019	0.47930	0.21700	0.69630	0.41600	0.01800	0.43400	1.06800	0.08000	1.14800	1.08600	0.13600	0.00000	2.27830

(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	2019		2019		2010		2010	
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Well Services Division	\$ 97,309,690	1	41.51%					
Safran Seats (fmly Weber Aircraft)	43,728,481	2	18.65%		23,074,037	2	17.55%	
Duraline Polypipe	19,113,678	3	8.15%		9,449,645	6	7.19%	
Building Materials of America	16,409,949	4	7.00%		14,261,221	4	10.85%	
Walmart	12,588,130	5	5.37%		18,072,977	3	13.75%	
Oncor Electric	9,951,770	6	4.25%		8,137,810	7	6.19%	
Spn Well Services (Texas)	9,505,000	7	4.05%					
Trident Process Systems	8,853,000	8	3.78%					
QuickTrip Corporation	8,627,708	9	3.68%					
IFS Coatings	8,345,076	10	3.56%					
Boeing					26,731,270	1	20.33%	
B29 Investiments P & Etal					10,774,957	5	8.20%	
PPG Industries					7,072,730	9	5.38%	
Home Depot					6,679,945	10	5.08%	
Klement Karl Properties					7,224,641	8	5.49%	
Total Assessed Valuation	\$ 234,432,482		100.00%	\$	131,479,233		100.00%	

Source: Cooke County Appraisal District

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

Fiscal Year	Total Tax Levy	Percent of Current Tax Collections	Current Taxes Collected (2)	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (1)	Delinquent Taxes to Total Tax Levy
2010	5,417,241	5,311,988	98.1%	19,545	5,331,533	98.4%	85,708	1.6%
2011	5,457,772	5,361,268	98.2%	19,055	5,380,323	98.6%	77,449	1.4%
2012	6,148,726	6,060,370	98.6%	26,873	6,087,243	99.0%	61,483	1.0%
2013	6,162,316	6,084,320	98.7%	16,430	6,100,750	99.0%	61,566	1.0%
2014	6,472,700	6,354,971	98.2%	46,986	6,401,957	98.9%	70,743	1.1%
2015	6,666,670	6,579,772	98.7%	3,006	6,582,778	98.7%	83,892	1.3%
2016	7,115,523	7,002,997	98.4%	32,130	7,035,127	98.9%	80,396	1.1%
2017	7,406,189	7,326,596	98.9%	-4,984	7,321,612	98.9%	84,577	1.1%
2018	8,162,217	6,380,040	78.2%	54,443	6,434,483	78.8%	1,727,734	21.2%
2019	\$ 8,410,921	\$ 6,500,895	77.3%	\$ 36,152	\$ 6,537,047	77.7%	\$ 216,228	2.6%

(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			
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
2018	13,523,263	6,204,610	0	900,419	3,881,737	20,050,390	0	930,528	45,490,947	13.74%	2,757
2019 \$	10,065,466 \$	5,990,873 \$	0	\$ 1,405,332 \$	5,554,534 \$	19,159,127 \$	0 \$	871,529 \$	43,046,861	13.01%	2,609

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

Fiscal Year	Official Population (1)	Total Assessed Value (2)	Net General Obligation Debt (3)	Less Debt Service Fund (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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
2018	16,502	1,035,355,680	43,660,000	1,439,783	42,220,217	4.08%	2,558.49
2019	16,502	\$ 1,482,408,632	\$ 40,770,000	\$ 1,531,813	\$ 39,238,187	2.65%	\$ 2,377.78

(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, 2019

Jurisdiction	Total GO Debt Outstanding	Estimated Percent Applicable	Direct and Overlapping Funded Debt As of 9/30/18
<i>Direct Debt:</i>			
City of Gainesville	\$17,461,671	100.00%	\$17,461,671
Subtotal Direct Debt	\$17,461,671		\$17,461,671
<i>Overlapping Debt:</i>			
Cooke County	3,600,000	36.03%	1,297,080
Gainesville ISD	27,367,979	81.03%	22,176,273
Lindsey ISD	0	69.99%	0
Gainesville Hospital District	40,285,000	41.64%	16,774,674
North Central Texas Community College	11,590,000	36.10%	4,183,990
Subtotal Overlapping Debt	82,842,979		44,432,017
Total Direct and Overlapping Debt	\$100,304,650		\$61,893,688

Ratio of direct and overlapping bonded
debt to taxable assessed valuation

5.94%

Per capita direct and overlapping bonded debt

\$3,750.68

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.

**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	
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
2018	8,614,646	5,565,108	3,049,538	0	0	0	N/A
2019	\$ 8,354,066	\$ 5,771,375	2,582,691	\$ 0	\$ 0	\$ 0	N/A

(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 (4)	Median Age (4)	School Enrollment (3)	Education Percent High School & Up (4)	Unemployment Rate (2)
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%
2018	16,502	358,687,472	21,736	35	3,169	77.50%	2.70%
2019	16,502 \$	374,485,912 \$	21,736	35	3,074	77.80%	2.60%

- (1) US Census Bureau 2010 Census
- (2) TWC Labor Market Index
- (3) Gainesville Independent School District
- (4) City-Data.com

**City of Gainesville, Texas
Ten Largest Employers
Fiscal Year 2019 and 2010**

Employer	2019			2010		
	Number of Employees FTE	Rank	Percent of Total County Employment	Number of Employees FTE	Rank	Percent of Total County Employment
WinStar Casino	3500	1	30.43%	2000	1	30.00%
Zodiac (formerly Weber Aircraft)	1300	2	11.30%	1300	2	19.50%
North Central Texas College	890	3	7.74%	352	6	5.28%
WalMart	396	5	3.44%	420	5	6.30%
Gainesville ISD	442	4	3.84%	442	4	6.63%
Gainesville State School	359	6	3.12%	323	7	4.84%
NTMC	290	7	2.52%	270	8	4.05%
Cooke County	265	8	2.30%	260	10	3.90%
City of Gainesville	235	9	2.04%	270	9	4.05%
ORTEQ Energy Technology	200	10	1.74%	600	3	9.00%
Totals	7877		68.50%	6237		93.55%
Total in Gainesville	11500		100.00%	6667		100.00%

Source: Gainesville Economic Development Corporation

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	3	3	3	3	3	3	3	3	3	3
Information Technology	0	0	1	1	1	1	1	1	1	1
Human Resources	2	2	2	2	2	2	2	2	2	2
Building Operations	0	0	0	0	0	0	0	0	0	0
Municipal Court	5	5	5	5	5	5	5	4	4	4
Civic Center	2	2	2	2	2	2	2	2	2	2
Community Development	5	3	5	5	5	5	5	6	6	6
Finance	4	4	4	4	4	4	4	4	4	4
Economic Development	4	5	5	5	5	5	5	5	5	5
Police	53	53	55	55	55	55	56	56	56	56
Fire	42	42	42	42	42	42	42	42	42	42
Streets	8	7	7	7	7	7	7	7	7	7
Garage	4	4	4	4	4	4	4	4	4	4
Parks	15	15	17	17	17	17	17	17	17	17
Frank Buck Zoo	14	14	15	15	15	15	15	16	16	16
Cemetery	5	5	5	5	5	5	5	5	5	5
Golf Course	8	7	7	7	8	8	7	6	6	6
Water	21	20	21	21	21	21	21	20	20	22
Wastewater	18	17	17	17	17	17	17	17	13	13
Airport	3	3	3	3	3	3	3	3	3	3
Stormwater Utility	2	2	2	2	2	2	2	2	2	2
Solid Waste - Collection	12	12	13	13	13	13	13	13	13	13
Solid Waste - Disposal	3	2	2	2	2	2	2	2	2	2
Total	233	227	237	237	238	238	238	237	233	235

Source: City of Gainesville Human Resources department.
 Added Full time equivalents in Parks Dept

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Calls for Service	44,559	44,203	49,378	45,846	49,651	33,536	34,558	32,024	32,259	30,703
Arrests	916	1,060	811	1,015	979	1,226	1,337	1,222	1,356	984
Municipal Court										
Cases Filed	5,264	6,328	5,061	3,472	4,091	5,000	6,612	5,447	6,293	6,522
Cases Disposed	6,434	5,854	5,035	3,506	4,580	5,000	2,442	5,648	5,493	6,399
Class C Warrants Filed	1,656	2,007	1,466	1,413	1,789	1,000	1,854	1,617	2,252	2,762
Juvenile Cases Filed	224	225	316	320	175	175	146	117	217	134
Fire										
Number of calls	711	958	793	780	874	954	2,461	2,670	3,111	3,124
Number of fires	120	195	154	175	174	240	143	169	286	145
Rescue/EMS incidents	173	224	185	175	200	210	1,544	1,829	1,825	1,908
Streets										
Potholes Patched	5,498	6,167	6,509	7,941	5,751	7,529	4,608	2,701	3,374	4,461
Storm drains cleaned	153	126	135	318	122	137	126	93	122	446
Miles of streets swept	527	613	447	860	1,098	864	690	1,595	868	900
Golf Course										
Rounds of golf	11,340	10,739	5,001	7,583	7,853	9,100	7,435	9,216	10,331	8,565
Community Development										
Building Permits	916	1,069	1,156	1,156	1,156	900	977	1,007	1,060	836
Value of Building Projects (in thousands)	3,008	6,170	15,604	15,604	15,604	15,604	20,046	62,013	52,726	108,564
Number of Inspections	1,074	1,590	1,950	1,950	1,950	1,069	1,258	1,332	826	1,304
Finance										
Number of invoices paid	6,467	6,723	6,833	8,019	7,284	6,985	7,372	6,700	7,528	6,700
Received CAFR award	Yes									
Received Budget Presentation award	Yes									
Number of Payroll checks prepared	6,080	6,154	5,839	5,880	6,214	6,063	6,062	6,176	5,936	6,175
Water System										
Number of water customers	6,079	6,065	6,121	6,166	6,182	6,200	6,074	6,109	6,116	7,363
New Connects	1,420	1,342	1,345	1,412	1,419	1,525	1,344	1,313	1,281	1,431
Daily average water consumption (mil gls)	2.4	2.0	2.4	2.4	2.4	2.1	2.1	2.1	2.1	2.1
Maximum daily pumping capacity (mil gls)	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.7	6.8
Maximum storage capacity (mil gls)	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	4.0	4.0
Wastewater System										
Number of wastewater customers	5,918	5,879	5,773	5,822	6,013	5,964	5,775	5,805	5,816	7,151
Daily average treatment(mil gls)	1.5	1.4	1.4	1.4	1.6	2.3	2.2	1.6	1.8	2.485
Maximum daily treatment capacity(mil gls)	4.1	4.1	4.1	4.1	4.1	4.1	10.0	4.14	4.14	4.14
Airport										
Gallons of aviation fuel pumped	230,375	248,265	236,813	216,735	260,944	265,306	311,236	323,952	334,975	334,670

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	15	16	12	12	12	12	12	12	12	12
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Hydrants	850	968	825	825	825	825	825	825	825	881
Fire Vehicles	13	13	13	13	13	13	12	12	12	14
Streets										
Miles of streets	129.71	129.71	129.71	129.71	129.71	129.71	129.71	129.71	129.71	129.71
Miles of streets maintained by City	96	96	96	96	96	96	96	96	96	96
Street Lights	1581	1581	1581	1581	1581	1581	1581	1581	1581	1572
Parks & Recreation										
Number of Community/Civic Centers	2	2	2	2	2	2	2	2	2	2
Number of park areas	24	24	24	24	24	24	24	24	24	24
Park acreage	212	212	212	212	212	212	212	212	226	266
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
Miles of water mains	137.5	137.5	137.5	137.5	137.5	137.5	137.5	137.5	151	151
Number of Water Treatment Plants	1	1	1	1	1	1	1	2	1	1
Wastewater System										
Miles of wastewater mains	132	132	134	134	134	134	134	134	132	132
Miles of storm drainage mains	10	10	10	10	10	10	10	10	14	14
Number of Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sanitation										
Collection Trucks	9	12	12	12	12	12	13	5	5	9
Long Haul Trucks (w trailer)	4	4	4	4	4	4	4	4	4	3
Long Haul Trailors	-	-	-	-	-	-	-	-	-	3
Heavy Equipment Units	6	5	5	5	5	5	5	6	6	7
Vehicles	4	4	4	4	4	4	5	6	6	8
Carts (1)	5743	5891	5891	5857	5857	5857	5563	5353	5364	6736
Airport										
Airport acreage	1308	1317	1317	1317	1317	1317	1297	1277	1277	1277
Number of runways	2	2	2	2	2	2	2	2	2	2
Number of hangars	6	6	6	6	6	6	6	6	6	43

Source: Various City Departments

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

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