



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

**Fiscal Year Ending September 30, 2020**

The City of Gainesville operates as the Administration and Fixed Base Operator for the Municipal Airport (KGLE). The Airport provides aviation fuel, charter flight facilities, conference room, rental and courtesy cars, catering, pilot supplies, and supports annual aircraft events. Tenants of this facility offer aircraft maintenance, hangar rental, crop dusting, and aircraft painting. Airport Management is charged to comply with applicable Federal Aviation Administration Regulations as well as other federal, state, and local laws. Airport management ensures safe airfield operations utilizing the latest technology available, administers all leases and production areas on the property, provide fiscal responsibility, plan and develop improvements to the aerodrome, direct safety and security measures, and work with other City departments for the well-being of the City's residents and airport users.

The Gainesville City Council, City Manager, Airport Advisory Board, and airport management realized that the current terminal was outdated for today's aviation clients and embarked on a remodeling program with the results being showcased on the City's Annual Financial Report. Staff receives positive compliments on the renovation's daily and part of the increase in fuel sales can be attributed to the clean, comfortable, renewed interior of the terminal.

The Gainesville Municipal Airport is growing exponentially as it took just a few short years for fifteen executive hangars and thirty new T hangars to be constructed on our 1250 acre airport. KGLE is classified as a regional airport by the FAA and hosts the annual Texas Antique Airplane Association's Fly-In held in October and the new Short Take Off & Landing (STOL) Competition in September. KGLE has become a premier fuel stop for local and cross county General Aviation aircraft.



**City of Gainesville, Texas**

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**

Prepared by  
Finance Department

Fiscal Year Ended

September 30, 2020



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Gainesville  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

City of Gainesville, Texas  
 Comprehensive Annual Financial Report  
 September 30, 2020

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## Introductory Section



## **INDEPENDENT AUDITOR'S REPORT**

To the City Council  
Gainesville, TX 76240

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit each major fund and the aggregate remaining fund information of the City of Gainesville (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City'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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020 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 principally 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*

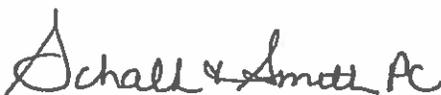
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's and the Foundation's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedules are present for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedule are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules 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 27, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.



Schalk & Smith, P.C.

Gainesville, Texas

February 27, 2021



March 9, 2021

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, 2020, 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, 2020, 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 16,804. The City is a home rule city and operates under the Council-Manager form of government. The City is

comprised of six (6) wards. Each alternating year, voters of three wards elect their representatives, and, in odd numbered years, a citywide election is held for the Mayor's position. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Secretary.

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

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

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, Debt Service, Municipal Golf Course, Water and Sewer, Solid Waste, Airport, Stormwater, Assigned 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, North Central Texas College, close proximity to three major universities, skilled labor, transportation, and infrastructure upgrades continue to prove beneficial for the City of Gainesville in recruiting businesses to join the City's appealing friendly environment.

Historically, unemployment in Gainesville has been lower than the state average (6.7% Gainesville vs. 7.2% Texas). The new business development and diversity of economy are the main reasons for this lower unemployment rate. Gainesville's diversified employment center is fueled by the gaming industry in Oklahoma and by an increasingly trained workforce in various industries, including oil, gas, plastic molding, metal fabricating, metal finishing, aerospace, and agriculture. The following are significant program, infrastructure, and business developments for fiscal year 2019-2020:

- The City continued its demolition program in Fiscal Year 2020 by demolishing forty-three (43) substandard structures, with three remodels completed.
- The City's Elm Fork Trinity River project continued in the 2019-2020 fiscal year with total project costs of \$497,537 at September 30, 2020.
- A new project to expand and renovate the Solid Waste Fund's transfer station commenced during the latter half of Fiscal Year 2020 with \$381,551 in total costs at year's end.
- The City continued a street and utility maintenance project (SUMP) including the reconstructions of Broadway, Bird, and Hancock Streets. A total of \$1,295,562 was expended for SUMP during Fiscal Year 2020.
- A project to renovate the Farmers Market by adding a performance venue was completed during the 2020 fiscal year. The completed cost of the project was \$2,202,199.
- The City initiated or continued master plan studies for its water system, sanitary sewer collection system, thoroughfare system, and sidewalks in Fiscal Year 2020.

- The City initiated an impact fee study that could be implemented for reducing the cost burden of providing infrastructure to new residential and/or commercial development.
- IFS Coatings, located at 3601 North I-35, has a new facility under constructions (\$3,900,000).
- Lil’ Leopards Learning Ladder, located at 1305 E. Broadway Street, (\$992,000) completed construction of their daycare facility.
- First United Bank, 101 E. Broadway St, (\$1,541,000) completed remodel of their facility on California Street.
- Big Blue Storage, 5182 W. Highway 82, (\$225,000) completed their project during the 2020 fiscal year.
- Winnelson, located at 303 W Highway 82, (\$190,000) completed expansion of their facility.
- Petroflex, located at 2228 Foundry Road, (\$380,000) was issued a building permit for construction of a 20,000 square feet facility.
- Baylor, Scott, and White Heart Group, at 201 N I-35, (\$180,000) completed their interior finish-out project.
- The Gainesville Municipal Airport experienced significant growth (in addition to the taxiways rehabilitation project) with the following projects beginning during the 2020 fiscal year – Lovegreen T-Hangars (\$800,000), Clevenger Hangar (\$135,000), and the Ayers Aviation addition (\$70,000).

## Ad Valorem Tax

The City is empowered to levy an Ad Valorem Tax on both real and business personal property located within its boundaries. The levy is set based on the Certified Tax Roll presented to the City by the Chief Tax Appraiser in July of each year. This is prior to settlement of any lawsuits which can take several months and can change the total assessed valuation. The tax levy is calculated at a 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 2020 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	2020	2019	2018	2017	2016
<b>General</b>	0.479290	0.496790	0.467740	0.432900	0.445595
<b>Debt Service</b>	0.217000	0.225750	0.254800	0.272130	0.252227
<b>Total</b>	0.696290	0.722540	0.722540	0.705030	0.697822

For Fiscal Year 2020, the Total Assessed Taxable Value increased by \$85,385,426 or 7.42% over the prior year.

### **Long-term Financial Planning**

In order to provide the City with pertinent data to make decisions for multi-year policy direction, master plans have been developed with the help of third party consultants. The documents focus on City needs for twenty or more years. These plans provide reasonable long-term objectives and realistic costs (at the time of the study), but the plans do not set practical methods for funding the improvements. In 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 2021-2025 were approved by the City Council and are included in the fiscal year 2021 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 \$31.06 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$9.68 million or 31.17% and non-recurring at \$21.38 million or 68.83%.

### **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 178-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's ordinances.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gainesville for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This

was the twenty-eighth (28<sup>th</sup>) 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 2021 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**  
**September 30, 2020**

**LIST OF PRINCIPAL OFFICIALS**

<b>Title</b>	<b>Name</b>
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**

To the City Council  
Gainesville, TX 76240

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit each major fund and the aggregate remaining fund information of the City of Gainesville (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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### ***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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020 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 principally 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's and the Foundation's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedules are present for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedule are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules 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 27, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

Schalk & Smith, P.C.  
Gainesville, Texas  
February 27, 2021

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

**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, 2020. 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 \$68,282,393 (net position) (pg. 7 and 24). Of this amount, \$12,882,426 or 18.9% 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 \$5,792,156 or 9.3% (pg. 8) from last fiscal year's net position. The governmental net position increased \$3,146,595 or 10.0%, and the business type activities increased \$2,645,561 or 8.5%.
- 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 2020 was \$9,053,001 (pg. 27) and of that amount \$7,687,651 is cash. This represents 178 days of operation. The City met its revised budget General Fund increase in fund balance of \$39,594 and transferred an excess amount of \$2,347,633 into the Assigned Projects Fund at year end.
- The City's total debt outstanding decreased by \$3,281,024 or 7.6% (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**  
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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

**City of Gainesville, Texas**  
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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**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information begins on page 75 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, 2020 were \$120,337,420; deferred outflows of resources were \$1,886,227, total liabilities were \$52,275,417, and deferred inflows of resources were \$1,665,837, resulting in a net position balance of \$68,282,393 (pg. 7 and 24). This is a 9.3% increase from the prior fiscal year.

The City's total net position equals \$68,282,393. A portion of the net position, \$7,638,788 or 11.2% represents resources that are subject to restrictions on how they may be used (pg. 7 and 24). The restricted net position has increased over the prior year by \$1,205,394 or 18.7%. This increase was primarily due to construction in progress that was commenced or continued during the 2020 fiscal year. Capital assets (land, buildings, machinery, and equipment) net of related debt total \$47,761,179 or 69.9% of total net position. This represents an increase of \$3,084,359 or 6.9% compared to the prior year. The second largest portion of the City's net position, \$12,882,426 or 18.9% 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, 2020 (page 24):

(Remainder of page left blank intentionally.)

**City of Gainesville, Texas**  
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**Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$23,145,827	\$21,995,672	\$10,165,525	\$9,084,256	\$33,311,352	\$31,079,928
Restricted Cash	2,962,539	3,271,019	3,655,843	3,802,056	6,618,382	7,073,075
Capital Assets	30,849,086	33,156,919	49,558,600	46,968,974	80,407,686	80,125,893
Total Assets	56,957,452	58,423,610	63,379,968	59,855,286	120,337,420	118,278,896
Deferred Outflow of Resources Related to Pensions, OPEB, and Loss of Refunding	1,407,421	3,477,337	478,806	939,632	1,886,227	4,416,969
Long-term Liabilities Outstanding	19,709,266	26,008,496	27,125,866	26,774,333	46,835,132	52,782,829
Other Liabilities	2,725,250	3,974,458	2,715,035	2,848,158	5,440,285	6,822,616
Total Liabilities	22,434,516	29,982,954	29,840,901	29,622,491	52,275,417	59,605,445
Deferred Inflows of Resources Related to Pensions	1,380,502	514,733	285,335	85,450	1,665,837	600,183
Net Investment in Capital Assets	20,790,472	19,333,132	26,970,707	25,343,688	47,761,179	44,676,820
Restricted	7,638,788	6,433,394	-	-	7,638,788	6,433,394
Unrestricted	6,120,595	5,636,734	6,761,831	5,743,289	12,882,426	11,380,023
Total Net Position	\$34,549,855	\$31,403,260	\$33,732,538	\$31,086,977	\$68,282,393	\$62,490,237

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**City of Gainesville, Texas**  
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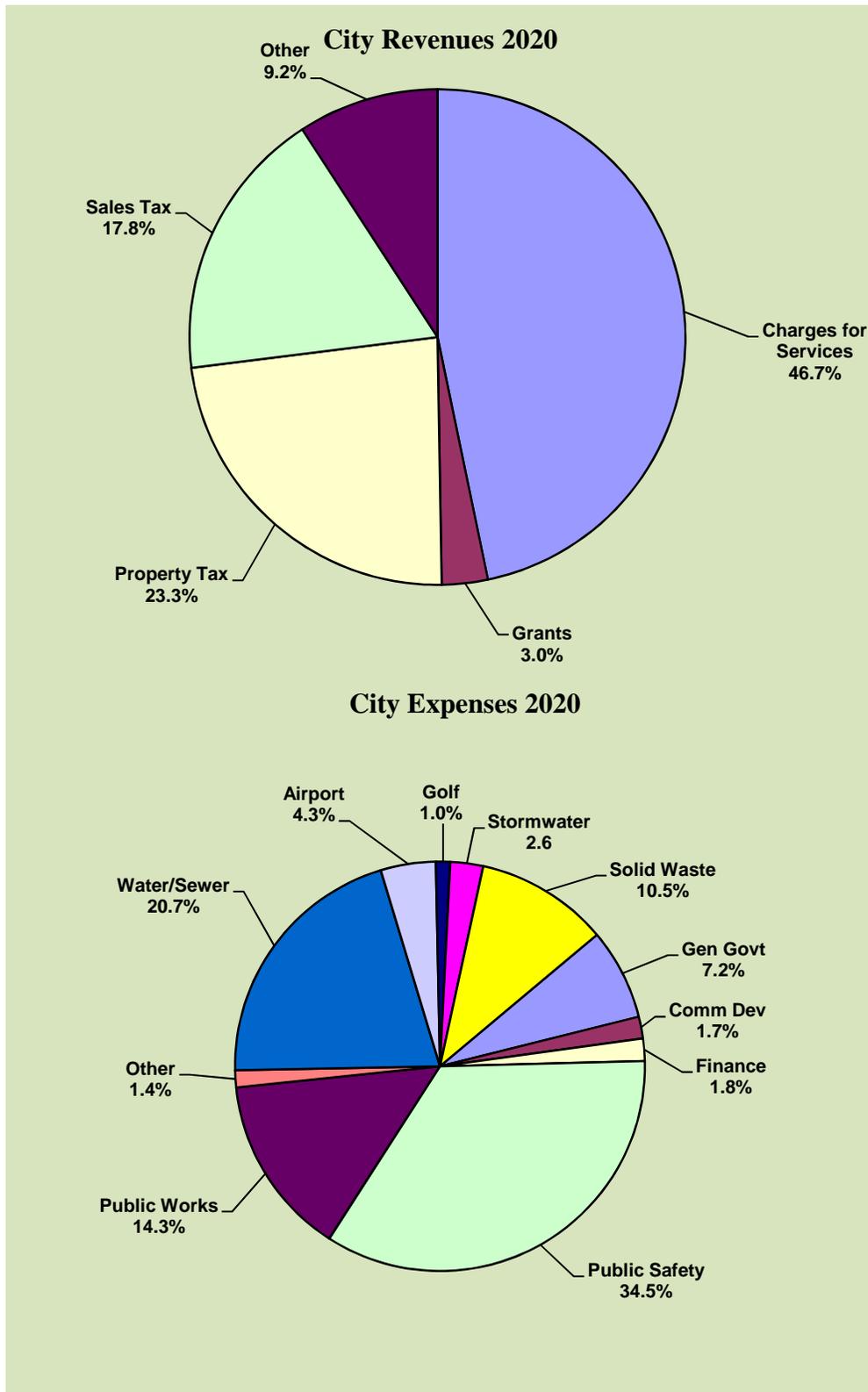
The following table provides a summary of the City's operations for the year ended September 30, 2020. Overall, the City had an increase in net position of \$5,792,156.

**Changes in Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Fines, Fees, and Charges for Services	\$1,718,873	\$2,181,878	\$15,175,209	\$15,159,160	\$16,894,082	\$17,341,038
Operating Grants & Contributions	951,549	79,290	127,726	28,941	1,079,275	108,231
General Revenues:						
Property Taxes	8,414,308	8,163,897	-	-	8,414,308	8,163,897
Sales Taxes	6,437,327	7,176,658	-	-	6,437,327	7,176,658
Other Taxes and Fees	1,908,432	2,030,139	-	-	1,908,432	2,030,139
Other Misc.	535,743	1,093,430	879,132	430,177	1,414,875	1,523,607
Total Revenues	19,966,232	20,725,292	16,182,067	15,618,278	36,148,299	36,343,570
Expenses:						
General Government	2,191,967	3,550,161	-	-	2,191,967	3,550,161
Community Development	518,099	606,461	-	-	518,099	606,461
Finance	537,711	570,144	-	-	537,711	570,144
Public Safety	10,475,290	10,855,628	-	-	10,475,290	10,855,628
Public Works	4,323,539	4,604,822	-	-	4,323,539	4,604,822
Interest on Long Term Debt	408,132	560,955	-	-	408,132	560,955
Bond Issuance Cost	-	-	-	-	-	-
Water & Sewer	-	-	6,271,635	6,302,691	6,271,635	6,302,691
Municipal Airport	-	-	1,318,696	1,454,466	1,318,696	1,454,466
Golf Course	-	-	340,433	389,876	340,433	389,876
Stormwater	-	-	782,941	695,052	782,941	695,052
Solid Waste	-	-	3,187,700	3,150,716	3,187,700	3,150,716
Total Expenses	18,454,738	20,748,171	11,901,405	11,992,801	30,356,143	32,740,972
Increase(Decrease)in Net Position Before Transfers	1,511,494	(22,879)	4,280,662	3,625,477	5,792,156	3,602,598
Transfers In (Out)	1,635,101	982,217	(1,635,101)	(982,217)	-	-
Increase(Decrease) in Net Position	3,146,595	959,338	2,645,561	2,643,260	5,792,156	3,602,598
Net Position 10/01	31,403,260	30,443,922	31,086,977	28,443,717	62,490,237	58,887,639
Net Position 09/30	\$34,549,855	\$31,403,260	\$33,732,538	\$31,086,977	\$68,282,393	\$62,490,237

The following graphs provide a summary of the operations for the year ended September 30, 2020.

**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

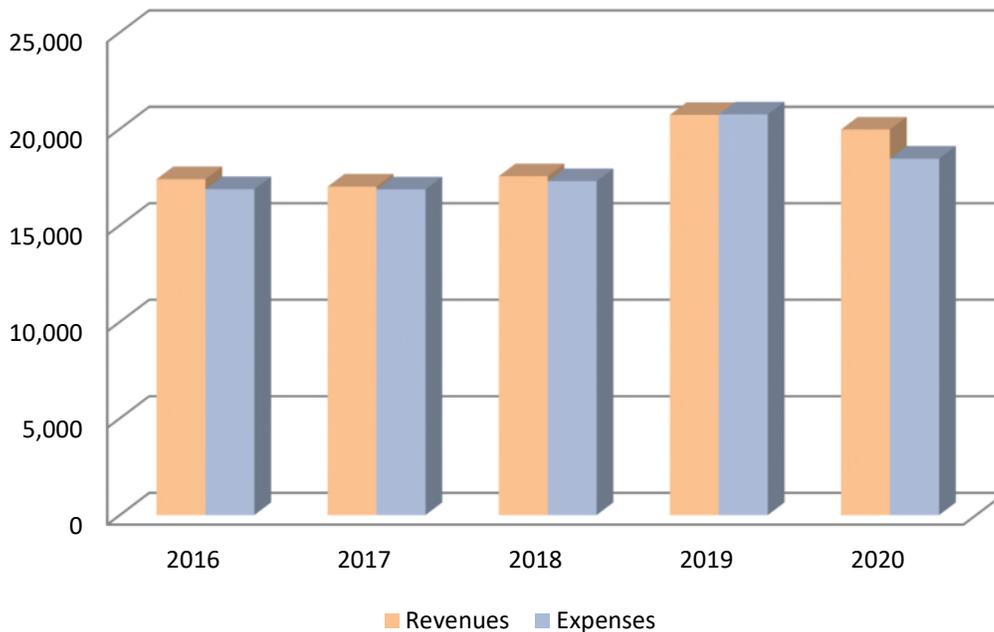
**City of Gainesville, Texas**  
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economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid. Governmental-type activities include services largely funded through non-exchange revenues (taxes are the most common example).

Revenues from governmental activities decreased from the prior year by a net amount of \$759,060, or 3.7%. Property taxes, the largest governmental revenue source, increased \$250,411 or 3.1% due to increased real property valuations while sales taxes decreased \$739,331 or 10.3% primarily as the result of the effects of the COVID-19 pandemic coupled with generally slower activity in the oil and gas industry. Expenses of governmental activities also decreased from the prior year by \$2,293,433 or 11.1%. Expense decreases in governmental activities were realized in all departments and categories as a result of self-imposed cutbacks made by City management and staff in anticipation of the negative impact that COVID-19 might have on revenues. In addition, the City was also able to reduce its interest expense on long-term debt due to the continued reduction of interest rates in the bond market.

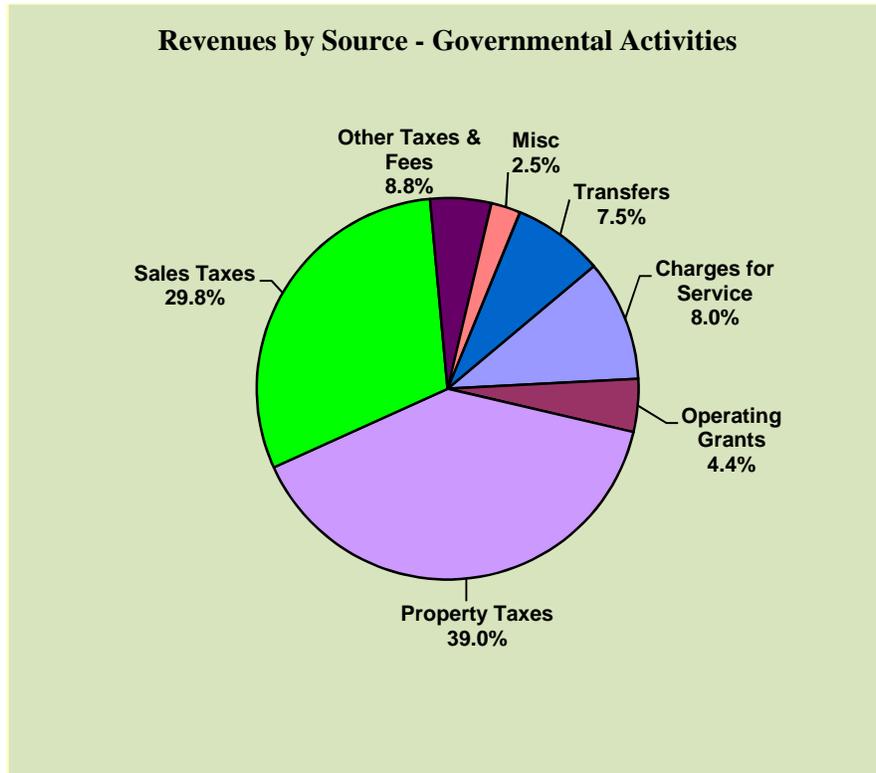
The following graph depicts the five-year history of the expenses and revenues of the City's governmental activities.

**Five Year History**  
(In Thousands)

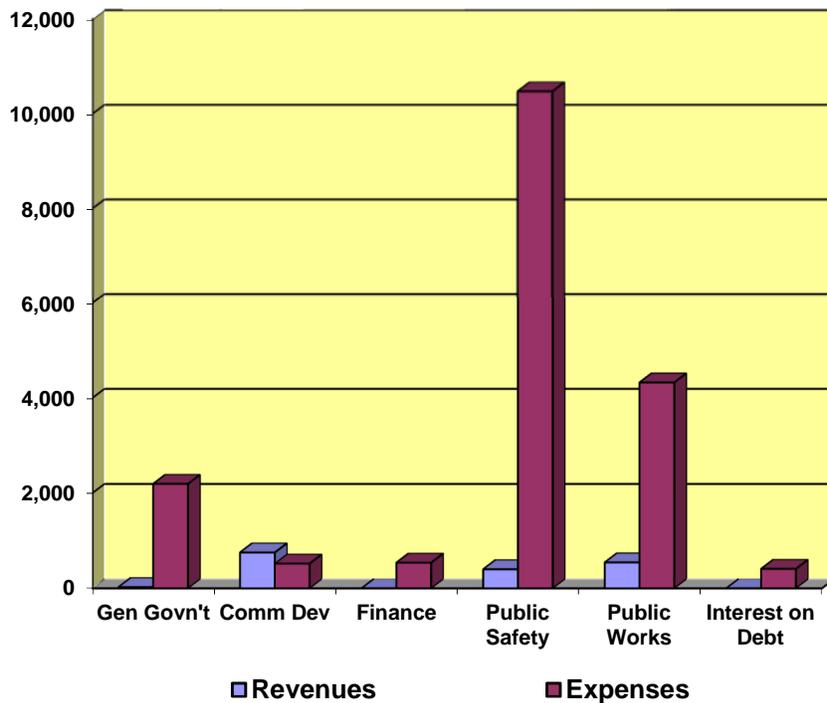


**City of Gainesville, Texas**  
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The following graphs depict current year revenues and expenses of governmental activities by source.



(In thousands)



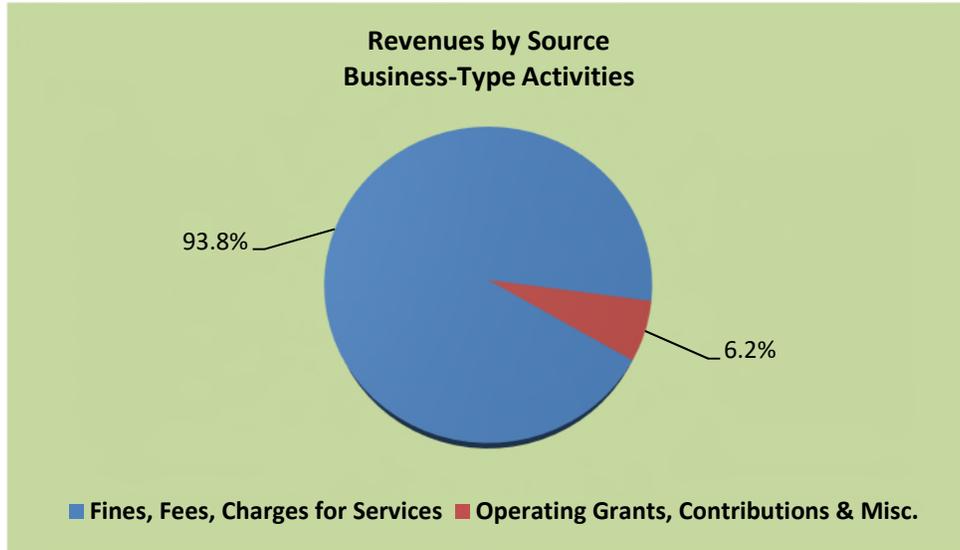
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**Business-Type Activities.** Total business-type activities increased net position by \$2,645,561 or 8.5%. Key elements to the change in net position are as follows:

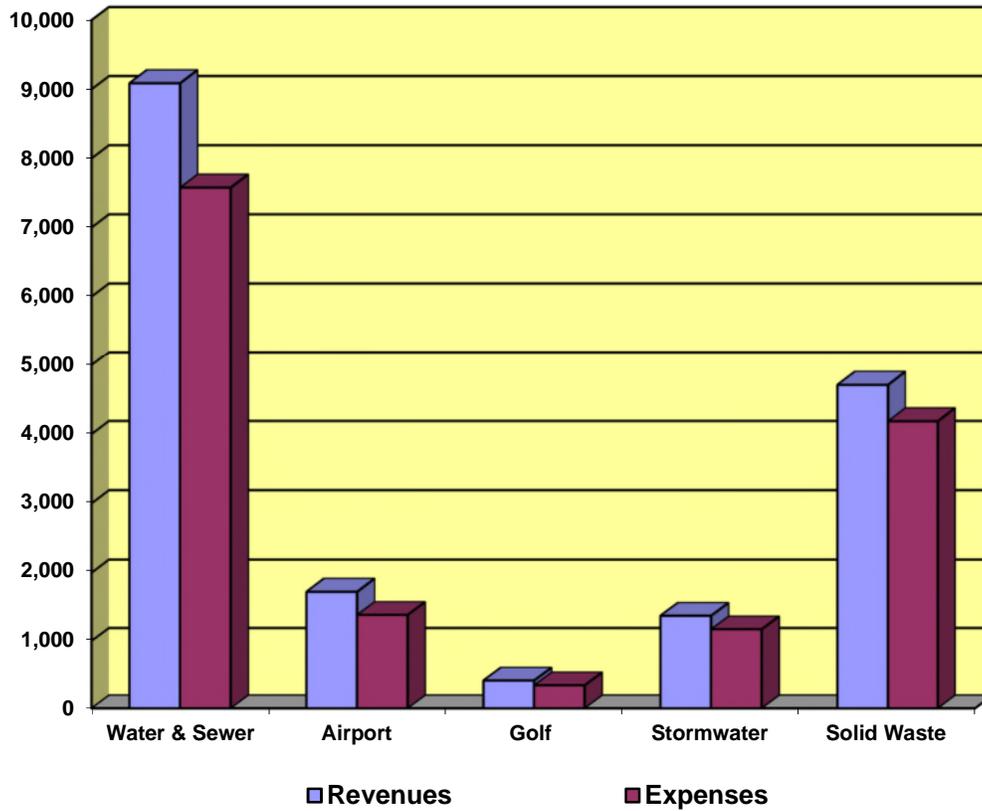
- Revenues increased \$563,789 or 3.6%. Of this amount, other miscellaneous revenues increased by \$448,955 or 104.4% primarily as a result of increases in other revenues for water and sewer and the municipal airport.
- Water Fund revenues increased by \$167,706 or 2.0% compared to fiscal year 2019 due to increases in residential and commercial water sales resulting from slightly more dry weather conditions during the year.
- The revenues of the municipal airport increased \$428,829 or 33.7% principally as a result of the accounting treatment of an agreement for resurfacing the airport's existing taxiways.
- Total revenues at the golf course increased \$28,799 or 18.0% primarily due to an increase in charges for services resulting from better weather and overall increased play.
- Total revenues in the Solid Waste Fund decreased \$104,309 or 2.2% compared to the prior year due to a slight decrease in charges for services resulting from a general decrease in business activity brought about by the COVID-19 pandemic and a more significant decrease in investment income.
- Total revenues in the Stormwater Fund increased \$42,764 or 4.6% due to increases in both residential and commercial storm water revenues.
- Total overall expenses in the proprietary funds decreased by a net \$91,396 or 0.8% in fiscal year 2020 (page 8). Water and Sewer Fund operating expenses decreased \$31,056 or 0.5%. The Airport Fund's operating expenses decreased by \$135,770 or 9.3% primarily because of savings gained in supplies, materials, and repairs and maintenance costs. Operating expenses at the municipal golf course decreased \$49,443 or 12.7% from the combination of decreases in personnel costs and also supplies, materials, and repairs and maintenance expenses.
- Although the City's expenses of proprietary funds decreased in total when compared to the prior year, the operating expenses of two funds did reflect increases individually when comparing the 2020 fiscal year to 2019. Solid Waste operating expenses increased by \$36,984 or 1.2% primarily due to increases in machinery and equipment maintenance costs and landfill tipping fees. Operating expenses of the Stormwater Fund increased by \$87,889 or 12.6% due to increases in interest expense; salaries and benefits; and other operating costs.

All the City's proprietary funds experienced increases in their respective net positions during the 2020 fiscal year as a result of the revenue and expense amounts (pages 33 and 34) as well as the changes noted above from the previous fiscal year. The net increase to the Water and Sewer Fund was \$1,509,446 or 13.2%. The net increase to the Municipal Airport Fund was \$339,739 or 12.5%. The net increase to the Solid Waste Fund was \$526,063 or 13.6%. The net increase to the Stormwater Fund was \$199,431 or 1.5%. The net increase to the Golf Fund was \$70,882 as a result of the increase in operating revenues coupled with a decrease in expenses.

**City of Gainesville, Texas  
Management's Discussion and Analysis  
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**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 \$24,379,815, an increase from the prior year of \$1,883,420 or 8.4% (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 as determined by a formal action of City Council by ordinance or resolution.
- Assigned. Funds that are designated by management for specific purposes determined by a formal action of the City Council.
- Unassigned. All funds not included in other spendable classifications.

Approximately 37.1% of the fund balance or \$9,047,756 (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 \$1,650,395 or 6.8%; Restricted \$5,993,638 or 24.6%; and Assigned \$7,688,026 or 31.5% (pg. 27).

The General Fund is the chief operating fund of the City. At the end of fiscal year 2020, the fund balance in the General Fund was \$9,053,001 (page 27 and 29), of which \$7,687,651 is in cash. There was a net increase in the General Fund fund balance of \$39,594 or 0.4% 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 \$1,602,220 (pg. 85 and 89). It increased during the year by \$70,407 or 4.6%. A key factor in this increase of fund balance was a greater collection amount for property taxes than was budgeted by the City. Additionally, the City's debt service expenditures for the year decreased by \$89,334 or 4.8% as compared to the previous year of 2019.
- The Assigned Projects Fund has a restricted fund balance of \$5,686,215 (pg. 27 and 29). This fund balance increased during the year by \$805,477 or 16.5%. The City Council passed an ordinance at the end of 2020 directing excess revenues above the City's \$39,594 budgeted amount for the General Fund be transferred into the Assigned Projects Fund. The amount of this transfer was \$2,347,633.

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- The Cable Peg Fee Fund has a restricted fund balance of \$186,016 (pages 83 and 87). This represents a \$24,559 or 15.2% increase from the prior year. Revenues exceeded budget by \$9,059 or 58.4%, and, because this fund had no expenditures, there was a positive increase to fund balance (pg. 98).
- 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 \$2,917,495 (page 84). Fund balance increased by \$903,302 or 44.8% during Fiscal Year 2020 mostly due to the difference between \$770,147 in capital expenditures of the fund's projects and \$1,656,704 in transfers received from the Assigned Projects Fund and other construction funds.
- The Hotel/Motel Fund accounts for occupancy tax revenues and expenditures and shows an ending restricted fund balance of \$489,942 (pg. 82 and 86). This amount reflects a \$126,942 or 35.0% fund balance increase from the 2019 fiscal year ending balance. However, for the year, occupancy tax revenues decreased by \$89,420 or 12.3%, as compared to Fiscal Year 2019, due to the effects of the COVID-19 pandemic on tourism and hotel occupancy. The \$126,942 increase in fund balance for 2020 was also down a similar amount of \$86,140 (40.4%) from fund balance increase of \$213,082 experienced in the prior 2019 fiscal year.

**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 \$3,206,868; the Solid Waste Fund is \$2,275,734; Stormwater Utility Fund is \$887,605; Municipal Airport Fund is \$456,419; and the Golf Course Fund has an unrestricted net position of a negative \$64,795.

At fiscal year-end 2020, Gainesville's Water and Sewer Fund had an unrestricted cash balance of \$3,701,739. The Solid Waste Fund cash balance was \$3,212,521. The Stormwater Utility Fund cash balance was \$856,008. The Airport Fund's cash was \$549,295, and the Golf Fund cash was \$70,216.

Business-type activities increased the City's net position by \$2,645,561 or 8.5% (pg. 8 and 34). All the City's proprietary funds categorized as business-type activities saw an increase in net position for the 2020 fiscal year. The following are the key elements of these increases:

- The Water and Sewer Fund saw an increase in net position of \$1,509,446 or 13.2% (page 33) and an increase in net capital assets of \$1,162,765 or 4.5%.
- The Solid Waste Fund increased in net position by \$526,063 or 13.6% and had an increase in net capital assets of \$224,188 or 12.6%.
- The Stormwater Fund experienced an increase in net position of \$199,431 or 1.5% due to the increase in residential and commercial storm water revenues noted previously. Additionally, its net capital assets also increased by \$1,030,119 or 6.2%.
- Net position of the City's municipal airport increased by \$339,739 or 12.5% primarily as a result of the accounting treatment of an agreement for resurfacing its taxiways mentioned previously. Total revenues increased by \$428,829 or 33.7% while operating expenses decreased \$135,770 or 9.3%.

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- The Golf Course Fund's total net position increased \$70,882 primarily because of an increase in total revenues of \$28,799 or 18.0% coupled with a decrease in operating expenses of \$49,443 or 12.7%.

**General Fund Budgetary Highlights**

For fiscal year 2020, the City budgeted an overall increase in the fund balance of the General Fund of \$39,594 (page 76). During the year, however, actual General Fund revenues exceeded projections by more than \$2.6 million (page 75) while actual expenditures totaled \$801,647 less (page 76) than budgeted. As a result, at the close of fiscal year 2020, the City Council approved an ordinance directing that any excess funds in the General Fund greater than the City's budgeted amount of \$39,594 be placed into the City's Assigned Projects Fund. Accordingly, as of September 30, 2020, \$2,347,633 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 2020 were decreased in the final budget by \$676,838 or 4.6% (page 75) in light of the effects of the COVID-19 pandemic. However, the actual revenue total at year-end was more than the final budget by \$2,622,733 or 18.9%. Actual revenue finished greater than the final budget mainly due to higher than budgeted sales tax by \$1,085,048 as well as intergovernmental revenues totaling \$905,860 for cost reimbursements received by the City relative to the pandemic. In addition, ad valorem tax (\$176,703); franchise fees (\$56,187); service charges (\$134,831); beverage taxes (\$10,573); licenses and permits (\$82,617); fines and forfeitures (\$57,549); donations (\$27,311); and other income (\$101,558) all exceeded budget.

A comparison of actual expenses to budget shows that out of the twenty departments in the General Fund, nineteen came in under budget for the fiscal year (pg. 75-76). As noted above, actual total expenditures for fiscal year 2020 were under the final budget by \$801,647 or 4.8%. Capital outlay also ended the year under the final budget by \$192,230 or 56.7%. This variance can be primarily attributed to the order of patrol vehicles totaling approximately \$140,000 by the Police Department that hadn't been delivered to the City at year's end.

The only General Fund department over budget for the 2020 fiscal year was the City's Fire Department. The \$23,246 budget overage for Fire (page 75) can be attributed to the personnel costs of an emergency rescue team deployed to another part of the state during the last quarter of 2020 for a tropical weather event. This budget overage was more than offset by revenues and a receivable of \$40,398 from the Texas A&M Engineering Extension Service (TEEX) recorded as of September 30, 2020.

Because of the ordinance approved by City Council at the close of the year, the actual ending fund balance of the General Fund is \$9,053,001 (page 76), which agrees to the amount proposed in the City's final budget.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

**Capital Asset and Debt Administration**

The largest portion of the City's net position, \$47,761,179 or 69.9% (pg. 7 and 24), 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, 2020 amounts to \$80,407,686 net of accumulated depreciation (pg. 7 and 24). The City's net capital assets increased \$281,793 or 0.4%. This increase is comprised of a decrease of \$2,307,833 or 7.0% from capital assets from the City's governmental activities and an increase of \$2,589,626 or 5.5% from the City's business-type activities.

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

- The City continued the street improvement project. Gainesville expended \$1,295,562 on SUMP projects in fiscal year 2020.
- The project to renovate the Farmers Market by adding a performance venue was completed during the 2020 fiscal year. The completed cost of the project was \$2,202,199.
- The construction of a new fire station to replace Fire Station No. 3 continued during the year. Accumulated costs of the new station total \$2,486,104.
- The City's Elm Fork Trinity River project also continued during Fiscal Year 2020 with total project costs of \$497,537 at September 30, 2020.
- A new project to expand and renovate Solid Waste's existing transfer station commenced during the latter half of Fiscal Year 2020 with \$381,551 in total costs at year's end.
- \$2,016,912 in capital assets of business-type activities were acquired during fiscal year 2020. \$1,967,291 in capital assets of governmental activities were also acquired during the fiscal year.

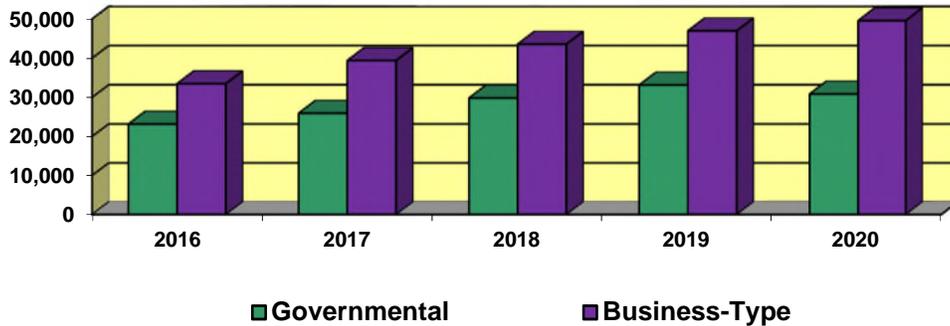
Additional information on the City's capital assets is found in note III D (pg. 50-53) of this report.

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

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$4,780,537	\$4,329,306	\$7,684,173	\$7,589,115	\$12,464,710	\$11,918,421
Buildings	10,044,938	10,044,938	18,733,990	18,733,990	28,778,928	28,778,928
Improvements	95,976,619	90,534,987	47,387,024	44,033,762	143,363,643	134,568,749
Machinery & equipment	10,573,800	10,322,428	10,913,622	10,975,111	21,487,422	21,297,539
Construction in progress	2,644,759	9,482,451	913,828	78,464	3,558,587	9,560,915
Less accumulated depreciation	(93,171,567)	(91,557,191)	(36,074,037)	(34,441,468)	(129,245,604)	(125,998,659)
<b>Total</b>	<b>\$30,849,086</b>	<b>\$33,156,919</b>	<b>\$49,558,600</b>	<b>\$46,968,974</b>	<b>\$80,407,686</b>	<b>\$80,125,893</b>

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

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



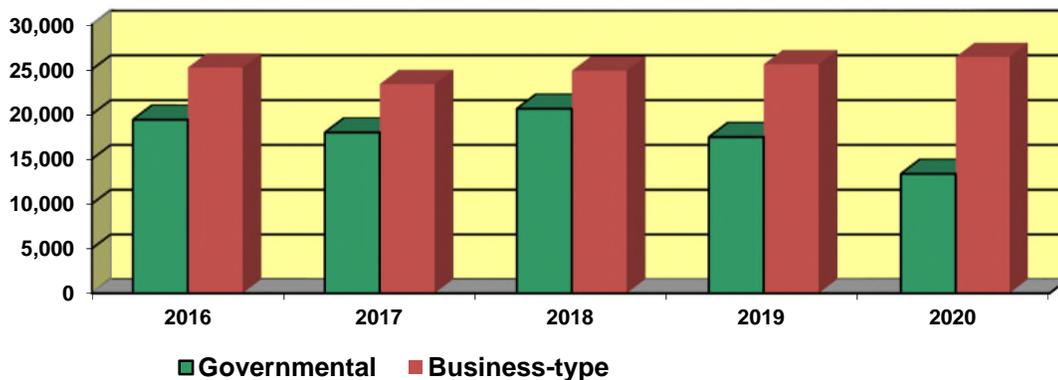
**Long-Term Debt.** As of September 30, 2020, the City of Gainesville had total debt outstanding of \$39,765,837 (see note III F. pg. 54-60). Of this amount, \$13,354,560 is in the City's governmental activities (pg. 54) and \$26,411,277 (pg. 56-57) is in the business-type activities. The City's total debt decreased \$3,281,024 or 7.6% during fiscal year 2020.

During the year, the City issued \$2,975,000 in General Obligation Refunding Bonds, Series 2020, maturing in 2030 to reduce its net interest costs on indebtedness. The expected interest savings over the 10-year term of the bonds is \$412,363.

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

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$7,769,856	\$10,065,466	\$8,870,143	\$5,554,534	\$16,639,999	\$15,620,000
Certificates of obligation bonds	4,384,698	5,990,873	16,570,301	19,159,127	20,954,999	25,150,000
Premium/Disc. /Capital leases	1,200,006	1,405,332	970,833	871,529	2,170,839	2,276,861
<b>Total</b>	<b>\$13,354,560</b>	<b>\$17,461,671</b>	<b>\$26,411,277</b>	<b>\$25,585,190</b>	<b>\$39,765,837</b>	<b>\$43,046,861</b>

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



**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

For the 2020 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 2021 budget will utilize the Assigned Projects Fund to pay approximately \$180,000 in capital lease payments instead of operating budget funds; approximately \$234,000 in runway improvements at the airport; and \$248,558 in vehicle purchases for multiple City departments.

The City's demolition program continues to create open space for additional commercial and residential infill development. In Fiscal Year 2020, forty-three (43) substandard structures were demolished, and three (3) remodels were completed. A total of twenty-seven (27) new single family residential home permits were issued for infill residential development. Nineteen (19) of the twenty-seven new residential permits issued for infill development were completed during Fiscal Year 2020. The new and remodeled homes constructed within established neighborhoods revitalizes old neighborhoods and raise overall property tax values for older residential areas in the City.

In addition to revitalization of older residential neighborhoods, there is one active build-out of a subdivision, Black Hill Farms, that has experienced tremendous growth in its Phase I development. Black Hill Farms Phase I contains forty-two (42) lots, with five houses being completed in Fiscal Year 2020. The Vintage Square subdivision is built out with the construction of the final lot being completed in the 2020 fiscal year. The infrastructure for Black Hill Farms Phase II is nearing completion and is projected to be accepted by the City of Gainesville in the upcoming Fiscal Year 2021. Black Hill Farms Phase II will add an additional one hundred and eighteen (118) single-family lots. A preliminary plat for Big Ellum Estates was approved for a ninety-one (91) lot, mixed-use development.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

Gainesville's commercial development continues to grow and reflects an economy that continues to diversify sectors in the overall economy of the municipality as indicated by the following projects:

- IFS Coatings, located at 3601 North I-35, has a new facility under construction (\$3,900,000).
- Lil' Leopards Learning Ladder, located at 1305 E. Broadway Street, (\$992,000) completed construction of their daycare facility.
- First United Bank, 101 E. Broadway St, (\$1,541,000) completed remodel of their facility on California Street.
- Big Blue Storage, 5182 W. Highway 82, (\$225,000) completed their project during the 2020 fiscal year.
- Winnelson, located at 303 W Highway 82, (\$190,000) completed expansion of their facility.
- Petroflex, located at 2228 Foundry Road, (\$380,000) was issued a building permit for construction of a 20,000 square foot facility.
- Baylor, Scott, and White Heart Group, at 201 N I-35, (\$180,000) completed their interior finish-out project.
- The Gainesville Municipal Airport experienced significant growth (in addition to the taxiways rehabilitation project) with the following projects beginning during the 2020 fiscal year – Lovegreen T-Hangars (\$800,000), Clevenger Hangar (\$135,000), and the Ayers Aviation addition (\$70,000).

The City of Gainesville expects growth to continue in the next year. With the anticipated widening of Interstate 35; the location of 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 City's approach to budgeting for this revenue has been historically conservative due to the unpredictability of sales tax revenues in general, and especially in consideration of the current economic state of the oil and gas industry. Because of the City's conservatism, the overall outlook for Gainesville is stable even in light of the ongoing COVID-19 pandemic and the volatility of the energy sector. In the City's Fiscal Year 2021 budget, the City has projected to collect \$4,965,000 in sales taxes, net of any sales tax rebates. This amount is \$387,279 or 7.2% less than the City's final budget for Fiscal Year 2020. The conservative nature of this budget amount is further underscored in that actual 2020 sales tax revenues totaled \$1,085,048 more than budget, while yet being \$739,331 or 10.3% less than sales tax collections in the 2019 fiscal year.

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 \$0.69629 to \$0.6875 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 \$340,735 or 5.9% as the result of a continuing appreciation in property values and new construction. Total ad valorem tax

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

revenue (including delinquent penalties) is projected to be \$8,298,417. This total is divided between the General Fund (\$6,149,647) and the Debt Service Fund (\$2,148,770).

**Enterprise Funds**

The City's enterprise funds are Water and Sewer; Solid Waste; Stormwater Drainage Utility; the Municipal Airport; and Golf. In total, revenues for the City's enterprise funds are projected to increase for Fiscal Year 2021 in comparison to the 2020 final budget; however, budgeted revenues for Solid Waste and Stormwater Drainage are actually projected to be less than the 2020 budget. Excluding grant revenues related to the Municipal Airport, revenues in the enterprise funds are estimated to increase by \$593,652 or 3.8% compared to the Fiscal Year 2020 final budget. Similarly, enterprise fund expenses for 2021 are projected to increase by \$470,719 or 3.1% not considering capital expense projected at the City's airport.

**Water and Sewer Fund**

The new fiscal year revenues for the Water and Sewer Fund are estimated to be \$8,663,589, or an increase of \$225,774 or 2.7% over the City's final budget of the 2020 fiscal year. A transfer of \$1,304,468 is projected to 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 are projected to increase by \$231,666 or 3.3% in Fiscal Year 2021 primarily as the result of projected increased expenses in water production. Fees charged to customers for Water and Sewer will remain static in Fiscal Year 2021.

**Solid Waste Fund**

Revenues for the Solid Waste Fund have been conservatively budgeted to decrease from the prior year final budget by \$80,156 or 1.8% while expenses are expected to increase by \$88,112 or 2.0% due to an increase in capitalized machinery and equipment expenses. Fees for this fund will be flat for Fiscal Year 2021 with the exception of recycling fees.

**Airport Fund**

Fiscal Year 2021 operating revenues for the Airport Fund are projected to marginally increase by \$16,035 or 1.6% over the prior year final budget. Similarly, operating expenses aside from capital expenses are also projected to increase slightly by \$45,356 or 4.8% from the prior year's final budget. For the upcoming year, the Airport Fund is budgeting \$4,215,000 and \$4,685,000 in grant revenues and capital expenses, respectively, in connection with the aforementioned project for rehabilitating and resurfacing its taxiways. Fuel sales at the airport continue to be strong because of the City's geographic location and exceeded the 2020 final budget by \$134,874 or 15.9%. However, for Fiscal Year 2020, fuel sales were down from prior years' results primarily due to the impact that the COVID-19 pandemic had on travel nationwide. Accordingly, fuel sales for 2021 have been conservatively budgeted at \$850,000 or approximately equivalent to the 2020 final budget.

**Other Funds**

Stormwater Drainage's revenues for the new 2021 year are conservatively projected to be \$31,786 or 2.6% less than the City's 2020 final budget. On the other hand, Golf has projected revenues for 2021 that are \$39,063 or 10.8% more than the 2020 final budget as a significant portion of its

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

playing season had to be canceled due to the COVID-19 pandemic. Total expenses for these funds are projected to increase by a combined amount of \$55,585 or 3.6% in comparison to the 2020 final budget. The most significant factor in this expense increase is capital expenses included in the Stormwater Drainage Fund's budget for 2021.

**Additional information**

The City of Gainesville's general compensation plan is designed to accomplish two goals – (1) to compensate employees in direct relation to the value of their position on the external competitive market; and (2) to compensate employees based upon their individual job contributions to the City. However, for the Fiscal Year 2021 budget, the City paused its "pay-for-performance" program for employee compensation increases largely due to the uncertain economy brought on by the ongoing COVID-19 pandemic.

In the previous 2019 fiscal year, the City's budget included an increase in the employee portion of retirement funding up to 6% of employee pay effective 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 currently 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 2021 are projected to be \$12.99 million. Operating funds in the 2021 budget will cover \$6.43 million in capital expenditures with 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 2021 are the following:

- As has already been noted, the Airport Fund has budgeted \$4,685,000 for capital expenses in the Fiscal Year 2021 budget including resurfacing of its runway and taxiways and certain other modifications to the terminal building.
- Impacting the Fiscal Year 2021 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 the City's 2018-2019 fiscal years.
- The Water and Sewer Fund is projecting to spend \$305,000 to purchase automated water meters and hydrants.
- \$82,399 has been budgeted to replace the perimeter security fence around the City's wastewater treatment facility.
- The Water and Sewer Fund has budgeted \$201,809 in connection with an ongoing program for capital maintenance of the City's various water towers and tanks as well as an additional \$89,376 for a motor replacement of a water well located at Moss Lake.
- A total of \$58,000 has been budgeted by Water and Sewer to replace some of the City's deteriorating manholes and sanitary sewer crossings.
- The Stormwater Fund has budgeted \$155,000 for the purchase of a boom mower to maintain steep terrain that other equipment is unable to reach.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2020**

- The Solid Waste Fund has budgeted \$332,834 for a new fully automated truck for picking up residential and commercial refuse.
- Solid Waste has also budgeted an additional \$47,500 for the purchase of new and replacement carts and also roll-off containers for the City's waste customers.

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Basic  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
September 30, 2020

	PRIMARY GOVERNMENT			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash	\$ 20,101,271	\$ 8,389,779	\$ 28,491,050	\$ 2,270,290
Investments	-	-	-	500,000
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,205,082	-	1,205,082	206,455
Service	-	1,518,879	1,518,879	-
Other	1,834,229	256,867	2,091,096	38,582
Inventories	5,245	-	5,245	-
<b>Total Current Assets</b>	<u>23,145,827</u>	<u>10,165,525</u>	<u>33,311,352</u>	<u>3,015,327</u>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets</b>				
Cash	2,962,539	3,655,843	6,618,382	-
Non-depreciable Capital Assets	7,425,296	8,598,001	16,023,297	1,404,032
Other Capital Assets (net)	23,423,790	40,960,599	64,384,389	2,514,966
<b>Total Noncurrent Assets</b>	<u>33,811,625</u>	<u>53,214,443</u>	<u>87,026,068</u>	<u>3,918,998</u>
<b>TOTAL ASSETS</b>	<u>56,957,452</u>	<u>63,379,968</u>	<u>120,337,420</u>	<u>6,934,325</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding	333,407	167,541	500,948	-
Deferred Outflows Related to Pension-TMRS	964,722	286,016	1,250,738	23,723
Deferred Outflows Related to OPEB	109,292	25,249	134,541	2,688
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,407,421</u>	<u>478,806</u>	<u>1,886,227</u>	<u>26,411</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	757,061	429,328	1,186,389	1,711
Accrued Expense	524,070	187,790	711,860	16,856
Interest Payable	54,751	100,270	155,021	-
Deposits	14,657	251,664	266,321	1,500
Current Portion-Long Term Debt	1,374,711	1,745,983	3,120,694	225,871
<b>Total Current Liabilities</b>	<u>2,725,250</u>	<u>2,715,035</u>	<u>5,440,285</u>	<u>245,938</u>
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	333,042	54,179	387,221	2,068
Postclosure Care Costs	-	697,573	697,573	-
Net Pension Liability-TMRS	6,776,772	1,565,670	8,342,442	166,642
Net OPEB Liability	619,603	143,150	762,753	15,236
Long-Term Debt	11,979,849	24,665,294	36,645,143	923,640
<b>Total Noncurrent Liabilities</b>	<u>19,709,266</u>	<u>27,125,866</u>	<u>46,835,132</u>	<u>1,107,586</u>
<b>TOTAL LIABILITIES</b>	<u>22,434,516</u>	<u>29,840,901</u>	<u>52,275,417</u>	<u>1,353,524</u>
<b>DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS</b>				
Deferred Inflows Related to Pension-TMRS	1,328,831	273,412	1,602,243	32,676
Deferred Inflows Related to OPEB	51,671	11,923	63,594	1,271
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,380,502</u>	<u>285,335</u>	<u>1,665,837</u>	<u>33,947</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	20,790,472	26,970,707	47,761,179	2,769,487
Restricted for:				
Debt Service	1,602,220	-	1,602,220	-
Construction	3,623,185	-	3,623,185	-
Tourism & the Arts	489,942	-	489,942	-
Cemetery (nonexpendable)	1,645,150	-	1,645,150	-
Public Safety	278,291	-	278,291	-
Unrestricted	6,120,595	6,761,831	12,882,426	2,803,778
<b>TOTAL NET POSITION</b>	<u>\$ 34,549,855</u>	<u>\$ 33,732,538</u>	<u>\$ 68,282,393</u>	<u>\$ 5,573,265</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, 2020**

FUNCTIONS/ACTIVITY	NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION PRIMARY GOVERNMENT						COMPONENT UNIT
	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
		FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS				
<b>Primary Government:</b>							
<b>Governmental Activities</b>							
General Government	\$ 2,191,967	\$ 23,534	\$ 9,149	\$ (2,159,284)	\$ -	\$ (2,159,284)	\$ -
Community Development	518,099	752,412	39	234,352	-	234,352	-
Finance	537,711	-	-	(537,711)	-	(537,711)	-
Public Safety	10,475,290	400,149	928,336	(9,146,805)	-	(9,146,805)	-
Public Works	4,323,539	542,778	14,025	(3,766,736)	-	(3,766,736)	-
Interest on Long-Term Debt	408,132	-	-	(408,132)	-	(408,132)	-
<b>Total Governmental Activities</b>	<u>18,454,738</u>	<u>1,718,873</u>	<u>951,549</u>	<u>(15,784,316)</u>	<u>-</u>	<u>(15,784,316)</u>	<u>-</u>
<b>Business-Type Activities</b>							
Water and Sewer	6,271,635	8,286,736	-	-	2,015,101	2,015,101	-
Municipal Airport	1,318,696	1,163,360	119,000	-	(36,336)	(36,336)	-
Golf Course	340,433	186,486	-	-	(153,947)	(153,947)	-
Stormwater	782,941	959,519	8,726	-	185,304	185,304	-
Solid Waste	3,187,700	4,579,108	-	-	1,391,408	1,391,408	-
<b>Total Business-Type Activities</b>	<u>11,901,405</u>	<u>15,175,209</u>	<u>127,726</u>	<u>-</u>	<u>3,401,530</u>	<u>3,401,530</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 30,356,143</u>	<u>\$ 16,894,082</u>	<u>\$ 1,079,275</u>	<u>\$ (15,784,316)</u>	<u>\$ 3,401,530</u>	<u>\$ (12,382,786)</u>	<u>\$ -</u>
<b>Component Unit:</b>							
Gainesville Economic Development Corp.	\$ 1,053,206	\$ 421,592	\$ -	\$ -	\$ -	\$ -	\$ (631,614)
<b>General Revenues:</b>							
Taxes							
Property Taxes				\$ 8,414,308	\$ -	8,414,308	\$ -
Sales Taxes				6,437,327	-	6,437,327	1,277,973
Franchise Fees				1,239,937	-	1,239,937	-
Occupancy Taxes				640,422	-	640,422	-
Mixed Beverage Taxes				28,073	-	28,073	-
Investment Income				208,834	100,582	309,416	9,898
Miscellaneous				326,909	778,550	1,105,459	-
Transfers In (Out) between Governmental and Business-Type Activities				1,635,101	(1,635,101)	-	-
<b>Total General Revenues and Transfers</b>				<u>18,930,911</u>	<u>(755,969)</u>	<u>18,174,942</u>	<u>\$ 1,287,871</u>
<b>Change in Net Position</b>				3,146,595	2,645,561	5,792,156	656,257
<b>Net Position-October 1</b>				31,403,260	31,086,977	62,490,237	4,917,008
<b>Net Position-September 30</b>				<u>\$ 34,549,855</u>	<u>\$ 33,732,538</u>	<u>\$ 68,282,393</u>	<u>\$ 5,573,265</u>



## Fund Financial Statements



Governmental Fund  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	<b>MAJOR FUNDS</b>			<b>TOTAL</b>
	<b>GENERAL FUND</b>	<b>ASSIGNED PROJECTS FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	
<b>ASSETS:</b>				
Cash	\$ 7,687,651	\$ 5,686,215	\$ 9,689,944	\$ 23,063,810
Investments	-	-	-	-
Receivables (Net of Allowances for Uncollectible)				
Taxes	1,145,310	-	59,772	1,205,082
Other	1,770,060	-	64,169	1,834,229
Inventory	5,245	-	-	5,245
Due from Other Funds	-	-	-	-
Interfund Receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>10,608,266</b>	<b>5,686,215</b>	<b>9,813,885</b>	<b>26,108,366</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 310,504	\$ -	\$ 113,514	\$ 424,018
Accrued Payroll & Benefits	524,070	-	-	524,070
Funds Held for Others	14,657	-	-	14,657
Interfund Payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>849,231</b>	<b>-</b>	<b>113,514</b>	<b>962,745</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	706,034	-	59,772	765,806
<b>FUND BALANCES:</b>				
<b>Nonspendable:</b>				
Inventories	5,245	-	-	5,245
Cemetery	-	-	1,645,150	1,645,150
<b>Restricted:</b>				
Debt Service	-	-	1,602,220	1,602,220
Construction	-	-	3,623,185	3,623,185
Tourism and the Arts	-	-	489,942	489,942
Other	-	-	278,291	278,291
<b>Assigned:</b>				
Construction	-	-	1,116,058	1,116,058
Other	-	5,686,215	885,753	6,571,968
<b>Unassigned</b>	<b>9,047,756</b>	<b>-</b>	<b>-</b>	<b>9,047,756</b>
<b>TOTAL FUND BALANCES</b>	<b>9,053,001</b>	<b>5,686,215</b>	<b>9,640,599</b>	<b>24,379,815</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 10,608,266</b>	<b>\$ 5,686,215</b>	<b>\$ 9,813,885</b>	<b>\$ 26,108,366</b>

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, 2020**

**Total Fund Balance - Total Governmental Funds** \$ 24,379,815

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. 765,806

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 \$92,790,248. 30,849,086

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. (54,751)

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. (12,627,428)

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

Deferred Loss on Early Extinguishment of Debt	333,407
Premium on Bonds	(727,132)

Compensated absences are not reported as liabilities in the governmental fund balance sheet. (666,085)

Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of (\$6,776,772), a deferred resource inflow in the amount of (\$1,328,831) and a deferred resource outflow in the amount of \$964,722. This resulted in a decrease in net position by (\$7,140,881). (7,140,881)

Included in the noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of (\$619,603), a deferred resource inflow in the amount of (\$51,671) and a deferred outflow in the amount of \$109,292. This resulted in a decrease in net position by (\$561,982). (561,982)

**Net Position of Governmental Activities** \$ 34,549,855

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>MAJOR FUNDS</b>		<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL</b>
	<b>GENERAL</b>	<b>ASSIGNED PROJECTS FUND</b>		
<b>REVENUES:</b>				
Taxes				
Ad Valorem Taxes	\$ 5,985,615	\$ -	\$ 2,438,322	\$ 8,423,937
Sales Taxes	6,437,327	-	-	6,437,327
Franchise Tax	1,239,937	-	-	1,239,937
Occupancy Tax	-	-	640,422	640,422
Mixed Beverage Tax	28,073	-	-	28,073
Service Charges	812,584	-	2,489	815,073
License & Permits	480,117	-	23,534	503,651
Fines & Forfeitures	322,099	-	25,995	348,094
Investment Income	104,496	28,575	75,763	208,834
Intergovernmental Revenues	905,860	-	45,689	951,549
Donations	29,284	-	-	29,284
Other Income	240,096	-	57,528	297,624
<b>TOTAL REVENUES</b>	<b>16,585,488</b>	<b>28,575</b>	<b>3,309,742</b>	<b>19,923,805</b>
<b>EXPENDITURES:</b>				
Current				
General Government	1,681,145	-	285,103	1,966,248
Community Development	501,827	-	39	501,866
Finance	519,907	-	1,448	521,355
Public Safety	9,478,702	-	58,305	9,537,007
Public Works	3,288,841	-	18,744	3,307,585
Non-Departmental	-	-	-	-
Debt Service				
Principal	161,011	-	1,291,302	1,452,313
Interest and Other Charges	19,848	-	379,476	399,324
Debt Issuance Costs	-	-	24,954	24,954
Capital Outlay	146,987	451,231	1,369,073	1,967,291
<b>TOTAL EXPENDITURES</b>	<b>15,798,268</b>	<b>451,231</b>	<b>3,428,444</b>	<b>19,677,943</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>787,220</b>	<b>(422,656)</b>	<b>(118,702)</b>	<b>245,862</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding Bonds Issued	-	-	1,338,750	1,338,750
Payment to Refunding Escrow Agent	-	-	(1,336,293)	(1,336,293)
Funds Transferred In	2,888,879	2,347,633	2,891,112	8,127,624
Funds Transferred Out	(3,636,505)	(1,119,500)	(1,736,518)	(6,492,523)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>(747,626)</b>	<b>1,228,133</b>	<b>1,157,051</b>	<b>1,637,558</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>39,594</b>	<b>805,477</b>	<b>1,038,349</b>	<b>1,883,420</b>
<b>FUND BALANCE - October 1</b>	<b>9,013,407</b>	<b>4,880,738</b>	<b>8,602,250</b>	<b>22,496,395</b>
<b>FUND BALANCE - September 30</b>	<b>\$ 9,053,001</b>	<b>\$ 5,686,215</b>	<b>\$ 9,640,599</b>	<b>\$ 24,379,815</b>

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, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 1,883,420
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.	1,967,291
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:	(9,596)
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.	(1,644,188)
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.	(108,922)
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.	23,285
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,452,313
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.	42,427
Current year pension expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities	- (414,114)
Current year OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities	- (45,321)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 3,146,595</u>



Proprietary Fund  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>WATER &amp; SEWER</b>	<b>MUNICIPAL AIRPORT</b>	<b>SOLID WASTE</b>	<b>STORMWATER</b>	<b>OTHER ENTERPRISE FUNDS GOLF FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>						
Cash	\$ 3,701,739	\$ 549,295	\$ 3,212,521	\$ 856,008	\$ 70,216	\$ 8,389,779
Receivables (Net of Allowances for Uncollectible)						-
Service	805,827	18,536	580,716	113,800	-	1,518,879
Other	256,867	-	-	-	-	256,867
<b>Total Current Assets</b>	<u>4,764,433</u>	<u>567,831</u>	<u>3,793,237</u>	<u>969,808</u>	<u>70,216</u>	<u>10,165,525</u>
<b>Noncurrent Assets:</b>						
Restricted Assets:						
Cash	-	-	3,655,843	-	-	3,655,843
Non-depreciable Capital Assets	270,799	582,697	381,551	7,338,590	24,364	8,598,001
Other Capital Assets (net)	26,946,933	2,046,259	1,626,572	10,251,901	88,934	40,960,599
<b>Total Noncurrent Assets</b>	<u>27,217,732</u>	<u>2,628,956</u>	<u>5,663,966</u>	<u>17,590,491</u>	<u>113,298</u>	<u>53,214,443</u>
<b>TOTAL ASSETS</b>	<u>31,982,165</u>	<u>3,196,787</u>	<u>9,457,203</u>	<u>18,560,299</u>	<u>183,514</u>	<u>63,379,968</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding	59,426	3,657	39,793	60,636	4,029	167,541
Deferred Outflow Related to Pension	161,329	13,244	83,296	9,869	18,278	286,016
Deferred Outflow Related to OPEB	14,242	1,169	7,353	871	1,614	25,249
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>234,997</u>	<u>18,070</u>	<u>130,442</u>	<u>71,376</u>	<u>23,921</u>	<u>478,806</u>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	162,058	18,100	241,159	145	7,866	429,328
Accrued Expense	100,739	10,679	56,184	5,395	14,793	187,790
Interest Payable	68,249	170	14,188	17,571	92	100,270
Customer Deposits	249,800	-	1,864	-	-	251,664
Revenue Bonds Payable-Current Portion	1,059,077	11,593	235,768	433,250	6,295	1,745,983
<b>Total Current Liabilities</b>	<u>1,639,923</u>	<u>40,542</u>	<u>549,163</u>	<u>456,361</u>	<u>29,046</u>	<u>2,715,035</u>
<b>Noncurrent Liabilities:</b>						
Accrued Compensated Absences	27,474	4,537	16,429	1,026	4,713	54,179
Postclosure Care Costs Payable	-	-	697,573	-	-	697,573
Net Pension Liability	883,194	72,491	455,923	54,016	100,046	1,565,670
Net OPEB Liability	80,751	6,628	41,685	4,939	9,147	143,150
Revenue Bonds Payable	16,462,671	29,998	3,340,167	4,816,169	16,289	24,665,294
<b>Total Noncurrent Liabilities</b>	<u>17,454,090</u>	<u>113,654</u>	<u>4,551,777</u>	<u>4,876,150</u>	<u>130,195</u>	<u>27,125,866</u>
<b>TOTAL LIABILITIES</b>	<u>19,094,013</u>	<u>154,196</u>	<u>5,100,940</u>	<u>5,332,511</u>	<u>159,241</u>	<u>29,840,901</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred Inflow Related to Pension	154,152	12,667	79,671	9,439	17,483	273,412
Deferred Inflow Related to OPEB	6,719	553	3,476	412	763	11,923
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>160,871</u>	<u>13,220</u>	<u>83,147</u>	<u>9,851</u>	<u>18,246</u>	<u>285,335</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	9,755,410	2,591,022	2,127,824	12,401,708	94,743	26,970,707
Unrestricted	3,206,868	456,419	2,275,734	887,605	(64,795)	6,761,831
<b>TOTAL NET POSITION</b>	<u>\$ 12,962,278</u>	<u>\$ 3,047,441</u>	<u>\$ 4,403,558</u>	<u>\$ 13,289,313</u>	<u>\$ 29,948</u>	<u>\$ 33,732,538</u>

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>WATER &amp; SEWER</b>	<b>MUNICIPAL AIRPORT</b>	<b>SOLID WASTE</b>	<b>STORMWATER</b>	<b>OTHER ENTERPRISE FUNDS GOLF FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 8,286,736	\$ 1,163,360	\$ 4,579,108	\$ 959,519	\$ 186,486	\$ 15,175,209
Grant Revenue	-	119,000	-	8,726	-	127,726
Other Income	288,936	414,583	72,991	-	2,040	778,550
<b>TOTAL OPERATING REVENUES</b>	<u>8,575,672</u>	<u>1,696,943</u>	<u>4,652,099</u>	<u>968,245</u>	<u>188,526</u>	<u>16,081,485</u>
<b>OPERATING EXPENSES</b>						
Salaries and Benefits	1,824,777	144,174	984,363	127,015	235,050	3,315,379
Supplies, Materials, Repair and Maintenance	810,603	824,449	458,992	11,822	38,847	2,144,713
Heat, Light and Power	396,499	17,704	9,850	-	11,528	435,581
Lease Payments	981,191	11,000	-	-	-	992,191
Other	684,153	29,349	1,357,869	86,742	46,300	2,204,413
Depreciation	1,034,496	290,404	258,366	376,401	7,774	1,967,441
<b>TOTAL EXPENSES</b>	<u>5,731,719</u>	<u>1,317,080</u>	<u>3,069,440</u>	<u>601,980</u>	<u>339,499</u>	<u>11,059,718</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,843,953</u>	<u>379,863</u>	<u>1,582,659</u>	<u>366,265</u>	<u>(150,973)</u>	<u>5,021,767</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	33,146	3,408	57,976	6,052	-	100,582
Interest Expense	(539,916)	(1,616)	(118,260)	(180,961)	(934)	(841,687)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(506,770)</u>	<u>1,792</u>	<u>(60,284)</u>	<u>(174,909)</u>	<u>(934)</u>	<u>(741,105)</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>2,337,183</u>	<u>381,655</u>	<u>1,522,375</u>	<u>191,356</u>	<u>(151,907)</u>	<u>4,280,662</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Transfers In	476,735	23,024	-	396,504	222,789	1,119,052
Transfers Out	(1,304,472)	(64,940)	(996,312)	(388,429)	-	(2,754,153)
<b>NET TRANSFERS</b>	<u>(827,737)</u>	<u>(41,916)</u>	<u>(996,312)</u>	<u>8,075</u>	<u>222,789</u>	<u>(1,635,101)</u>
<b>CHANGE IN NET POSITION</b>	<u>1,509,446</u>	<u>339,739</u>	<u>526,063</u>	<u>199,431</u>	<u>70,882</u>	<u>2,645,561</u>
<b>NET POSITION, OCTOBER 1</b>	<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>
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$ 12,962,278</u>	<u>\$ 3,047,441</u>	<u>\$ 4,403,558</u>	<u>\$ 13,289,313</u>	<u>\$ 29,948</u>	<u>\$ 33,732,538</u>

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>WATER AND SEWER FUND</b>	<b>MUNICIPAL AIRPORT</b>	<b>SOLID WASTE FUND</b>	<b>STORMWATER</b>	<b>OTHER ENTERPRISE FUND GOLF</b>	<b>TOTALS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 8,387,120	\$ 1,563,984	\$ 4,646,843	\$ 951,970	\$ 188,526	\$ 15,738,443
Grants for routine maintenance	-	119,000	-	8,726	-	127,726
Payments to Suppliers for Goods and Services	(3,071,106)	(910,679)	(1,603,271)	(107,132)	(101,253)	(5,793,441)
Payments to Employees	(1,786,279)	(137,002)	(909,840)	(99,902)	(225,109)	(3,158,132)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,529,735</u>	<u>635,303</u>	<u>2,133,732</u>	<u>753,662</u>	<u>(137,836)</u>	<u>6,914,596</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfers In	476,735	(41,916)	-	396,504	222,789	1,054,112
Transfers Out	(1,304,472)	-	(996,312)	(388,429)	-	(2,689,213)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(827,737)</u>	<u>(41,916)</u>	<u>(996,312)</u>	<u>8,075</u>	<u>222,789</u>	<u>(1,635,101)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of Capital Assets	(932,431)	(464,300)	(573,337)	(40,413)	(6,431)	(2,016,912)
Payment of Postclosure Care Costs	-	-	12,334	-	-	12,334
Principal Paid on Bonds and Certificates of Obligation	(1,172,837)	(21,403)	(304,221)	(422,669)	(7,774)	(1,928,904)
Proceeds from Debt Issuance	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Interest and Paying Agent Fees Paid on Bonds, Notes, and Certificates of Obligation	(515,615)	(1,621)	(115,352)	(96,677)	(934)	(730,199)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(2,620,883)</u>	<u>(487,324)</u>	<u>(980,576)</u>	<u>(559,759)</u>	<u>(15,139)</u>	<u>(4,663,681)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on Investments	33,145	3,407	57,976	6,052	97	100,677
Proceeds from Maturities of Investments	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>33,145</u>	<u>3,407</u>	<u>57,976</u>	<u>6,052</u>	<u>97</u>	<u>100,677</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	114,260	109,470	214,820	208,030	69,911	716,491
<b>CASH - October 1</b>	3,587,479	439,825	6,653,544	647,978	305	11,329,131
<b>CASH - September 30</b>	<u>\$ 3,701,739</u>	<u>\$ 549,295</u>	<u>\$ 6,868,364</u>	<u>\$ 856,008</u>	<u>\$ 70,216</u>	<u>\$ 12,045,622</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 2,843,953	\$ 379,863	\$ 1,582,659	\$ 366,265	\$ (150,973)	\$ 5,021,767
Adjustments:						
Depreciation Expense	1,034,496	290,404	258,366	376,401	7,774	1,967,441
Pension Expense	21,282	5,552	54,979	17,108	8,163	107,084
Change in Assets and Liabilities:						
Receivables, Net	(200,568)	(13,959)	3,511	(6,555)	-	(217,571)
Accounts Payable	(192,531)	(28,177)	223,440	(1,338)	(4,578)	(3,184)
Accrued Expense	11,087	1,620	19,544	1,781	1,778	35,810
Customer Deposits	12,016	-	(8,767)	-	-	3,249
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 3,529,735</u>	<u>\$ 635,303</u>	<u>\$ 2,133,732</u>	<u>\$ 753,662</u>	<u>\$ (137,836)</u>	<u>\$ 6,914,596</u>
<b>NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Contribution of Capital Assets	\$ 1,264,829	\$ -	\$ -	\$ 1,366,107	\$ -	\$ 2,630,936



Notes to Basic  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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:

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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, 2019 to September 30, 2020. 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, 2020

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

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, 2020:

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 and Coronavirus Fund. These funds 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 Capital Projects Funds - Capital Projects, 2018 GO Bonds and 2016 GO Bonds. These funds 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 Debt Service Fund Used to account for funds restricted for debt service.

Nonmajor Permanent Funds - 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.

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

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

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

**2. Proprietary Funds**

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

The accounting objectives are determination of net income, financial position and cash flows. On the government-wide and proprietary fund statements of net position, equity is segregated into (1) 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

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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.

**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, 2020, 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:

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

**5. Encumbrances**

Encumbrance accounting is used for governmental funds. Encumbrances are recorded when a purchase order is issued, and encumbrances are not considered expenditures until a liability for payment is incurred. There were no outstanding encumbrances as of September 30, 2020.

**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.

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

**8. Net Position**

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

**9. Fund Balance Classification**

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

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

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

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

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

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

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

**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

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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.

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 additions to/deductions from Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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

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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 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, 2020, expenditures exceeded appropriations in the following funds:

General Fund	
Fire	23,246
Nonmajor Governmental Funds:	
Municipal Court Security	4
Law Enforcement Education	22
Hospital Demolition	3,909

**C. Deficit Fund Equity**

None

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

Cash on Hand	\$ 5,200
Cash Equivalents - TexStar & TexPool	33,582,248
Cash in Banks	3,792,275
Total Cash and Cash Equivalents	\$ 37,379,722

	Governmental Activities	Business Activities	Component Unit	Total
Cash and Cash Equivalents	\$ 20,101,271	\$ 8,389,779	\$ 2,270,290	\$ 30,761,340
Restricted Cash and Cash Equivalents	2,962,539	3,655,843	-	6,618,382
Totals	\$ 23,063,810	\$ 12,045,622	\$ 2,270,290	\$ 37,379,722

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



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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 \$11,734,734 on deposit with TexPool and \$20,796,523 on deposit with TexStar at September 30, 2020. The GEDC had \$1,050,991 on deposit with TexStar at September 30, 2020.

**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, 2020, 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, 2020 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.

**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

**CITY OF GAINESVILLE, TEXAS**  
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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, 2020, the rates were \$.47929 and \$.21700, respectively, per \$100 of assessed value. At September 30, 2020, the City had a tax margin of \$1.80371 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, 2020, 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	Nonmajor	Total			
	Fund	Funds				
Property Taxes	\$ 166,689	\$ 81,669	\$ 248,358			
Sales Tax	1,022,386	-	1,022,386			
Other Local Fees	-	58,335	58,335			
Franchise Fees	76,045	-	76,045			
Court Warrants	1,507,248	-	1,507,248			
Grants	762,723	-	762,723			
Other	164,161	5,834	169,995			
	<u>3,699,252</u>	<u>145,838</u>	<u>3,845,090</u>			
Allowance for Uncollectible	<u>(783,882)</u>	<u>(21,897)</u>	<u>(805,779)</u>			
Net Receivables	<u>\$ 2,915,370</u>	<u>\$ 123,941</u>	<u>\$ 3,039,311</u>			
	Proprietary Funds					
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	Total
Service Receivables	\$ 838,608	\$ 18,536	\$ 601,730	\$ 117,475	\$ -	\$ 1,576,349
Other	256,867	-	-	-	-	256,867
	<u>1,095,475</u>	<u>18,536</u>	<u>601,730</u>	<u>117,475</u>	<u>-</u>	<u>1,833,216</u>
Allowance for Uncollectible	<u>(32,781)</u>	<u>-</u>	<u>(21,014)</u>	<u>(3,675)</u>	<u>-</u>	<u>(57,470)</u>
Net Receivables	<u>\$ 1,062,694</u>	<u>\$ 18,536</u>	<u>\$ 580,716</u>	<u>\$ 113,800</u>	<u>\$ -</u>	<u>\$ 1,775,746</u>

**CITY OF GAINESVILLE, TEXAS**  
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**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, 2020.

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:

	<b>Transfers Out</b>			<b>Transfers In</b>				
	<b>General Fund</b>	<b>Assigned Projects</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer</b>	<b>Municipal Airport</b>	<b>Solid Waste</b>	<b>Stormwtr</b>	<b>Total</b>
General Fund	\$ -	\$ -	\$ 379,895	\$ 1,304,471	\$ -	\$ 996,312	\$ 208,201	\$ 2,888,879
Assigned Project	2,347,633	-	-	-	-	-	-	2,347,633
Nonmajor Govern	1,084,124	1,119,500	507,260	-	-	-	180,228	2,891,112
Water & Sewer	-	-	411,795	-	64,940	-	-	476,735
Municipal Airport	-	-	23,024	-	-	-	-	23,024
Stormwater	-	-	396,504	-	-	-	-	396,504
Nonmajor Enter.	204,748	-	18,042	-	-	-	-	222,790
<b>Total</b>	<b>\$ 3,636,505</b>	<b>\$ 1,119,500</b>	<b>\$ 1,736,520</b>	<b>\$ 1,304,471</b>	<b>\$ 64,940</b>	<b>\$ 996,312</b>	<b>\$ 388,429</b>	<b>\$ 9,246,677</b>

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.

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**CITY OF GAINESVILLE, TEXAS**  
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**D. Capital Assets**

Capital asset activity for the year ended September 30, 2020 was as follows:

<b>Governmental Activities:</b>	<b>Balance 10/1/2019</b>	<b>Additions/ Completions</b>	<b>Deletions &amp; Reclassifications</b>	<b>Transfer to Proprietary</b>	<b>Balance 9/30/2020</b>
Non-Depreciable Capital Assets:					
Construction					
in Progress	\$ 9,482,451	\$ 1,003,100	\$ (7,840,792)	\$ -	\$ 2,644,759
Land & Land Rights	4,329,306	451,231	-	-	4,780,537
	<u>13,811,757</u>	<u>1,454,331</u>	<u>(7,840,792)</u>	<u>-</u>	<u>7,425,296</u>
Depreciable Capital Assets:					
Motorized Vehicle	6,793,866	145,670	(313,243)	(29,812)	6,596,481
Machinery & Equip.	2,614,950	119,580	(68,075)	-	2,666,455
Office Equip, Furniture & Fixtures	913,612	15,934	-	-	929,546
Buildings	10,044,938	-	-	-	10,044,938
Improvements	90,534,987	231,776	7,840,792	(2,630,936)	95,976,619
	<u>110,902,353</u>	<u>512,960</u>	<u>7,459,474</u>	<u>(2,660,748)</u>	<u>116,214,039</u>
Less Accumulated Depreciation:					
Motorized Vehicle	(4,269,797)	(294,420)	313,243	29,812	(4,221,162)
Machinery & Equip.	(1,541,718)	(151,881)	68,075	-	(1,625,524)
Office Equip, Furniture & Fixtures	(689,810)	(55,333)	-	-	(745,143)
Buildings	(7,658,637)	(241,968)	-	-	(7,900,605)
Improvements	(77,397,229)	(900,586)	-	-	(78,297,815)
	<u>(91,557,191)</u>	<u>(1,644,188)</u>	<u>381,318</u>	<u>29,812</u>	<u>(92,790,249)</u>
Net Depreciable Capital Assets	<u>19,345,162</u>	<u>(1,131,228)</u>	<u>7,840,792</u>	<u>(2,630,936)</u>	<u>23,423,790</u>
Net Capital Assets	<u>\$ 33,156,919</u>	<u>\$ 323,103</u>	<u>\$ -</u>	<u>\$ (2,630,936)</u>	<u>\$ 30,849,086</u>

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**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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<b>Proprietary Funds</b>	Balance 10/1/2019	Additions/ Completions	Deletions & Recalssifications	Transfer fr Governmental	Balance 9/30/2020
<u>Non-Depreciable Capital Assets:</u>					
Construction					
in Progress	\$ 78,464	\$ 835,364	-	-	\$ 913,828
Land & Land Rights	7,589,115	95,058	-	-	7,684,173
	<u>7,667,579</u>	<u>930,422</u>	<u>-</u>	<u>-</u>	<u>8,598,001</u>
<u>Depreciable Capital Assets:</u>					
Motorized Vehicles	6,700,027	310,573	375,711	29,812	6,664,701
Machinery & Equip.	3,967,622	35,383	79,754	-	3,923,251
Office Equip, Furniture & Fixtures	307,462	18,208	-	-	325,670
Buildings	18,733,990	-	-	-	18,733,990
Improvements	24,304,460	233,534	-	2,630,936	27,168,930
Plant In Svc-Water	13,381,150	260,050	-	-	13,641,200
Plant In Svc-Sewer	6,348,152	228,742	-	-	6,576,894
	<u>73,742,863</u>	<u>1,086,490</u>	<u>455,465</u>	<u>2,660,748</u>	<u>77,034,636</u>
Less Accumulated Depreciation:					
Motorized Vehicles	(4,056,516)	(305,775)	(210,072)	(29,812)	(4,182,031)
Machinery & Equip.	(3,776,545)	(210,038)	(154,612)	-	(3,831,971)
Office Equip, Furniture & Fixtures	(238,986)	(7,197)	-	-	(246,183)
Buildings	(2,661,916)	(343,040)	-	-	(3,004,956)
Improvements	(9,179,448)	(698,226)	-	-	(9,877,674)
Plant In Svc-Water	(9,564,501)	(358,877)	-	-	(9,923,378)
Plant In Svc-Sewer	(4,963,556)	(44,288)	-	-	(5,007,844)
	<u>(34,441,468)</u>	<u>(1,967,441)</u>	<u>(364,684)</u>	<u>(29,812)</u>	<u>(36,074,037)</u>
Net Depreciable Capital Assets	<u>39,301,395</u>	<u>(880,951)</u>	<u>90,781</u>	<u>2,630,936</u>	<u>40,960,599</u>
Net Capital Assets	<u>\$ 46,968,974</u>	<u>\$ 49,471</u>	<u>\$ 90,781</u>	<u>\$ 2,630,936</u>	<u>\$ 49,558,600</u>

<b>Discretely Presented Component Unit:</b>	Balance 10/1/2019	Additions/ Completions	Disposals	Balance 9/30/2020
<u>Non-Depreciable Capital Assets:</u>				
Land & Land Rights	\$ 1,404,032	\$ -	\$ -	\$ 1,404,032
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	<u>1,404,032</u>	<u>-</u>	<u>-</u>	<u>1,404,032</u>
<u>Depreciable Capital Assets:</u>				
Office Mach. & Equip.	1,545	-	-	1,545
Improvements	1,845,978	-	-	1,845,978
Buildings	1,975,114	-	-	1,975,114
	<u>3,822,637</u>	<u>-</u>	<u>-</u>	<u>3,822,637</u>
Less Accumulated Depreciation:				
Office Mach. & Equip.	(1,391)	(154)	-	(1,545)
Buildings	(1,177,345)	(128,781)	-	(1,306,126)
	<u>(1,178,736)</u>	<u>(128,935)</u>	<u>-</u>	<u>(1,307,671)</u>
Net Depreciable Capital Assets	<u>2,643,901</u>	<u>(128,935)</u>	<u>-</u>	<u>2,514,966</u>
Net Capital Assets	<u>\$ 4,047,933</u>	<u>\$ (128,935)</u>	<u>\$ -</u>	<u>\$ 3,918,998</u>

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Capital asset balances of individual proprietary funds as of September 30, 2020 were as follows:

	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor-Golf Fund	Totals
<u>Non-Depreciable Capital Assets:</u>						
Construction						
in Progress	\$ 156,282	\$ 375,995	\$ 381,551	\$ -	\$ -	\$ 913,828
Land & Land Rights	114,517	206,702	-	7,338,590	24,364	7,684,173
	<u>270,799</u>	<u>582,697</u>	<u>381,551</u>	<u>7,338,590</u>	<u>24,364</u>	<u>8,598,001</u>
<u>Depreciable Capital Assets:</u>						
Motorized Vehicles	2,239,674	189,145	3,052,515	951,429	231,938	6,664,701
Machinery & Equip.	1,974,735	183,072	1,694,429	34,121	36,894	3,923,251
Office Equip, Fern & Fixtures	197,807	68,544	34,244	25,075	-	325,670
Buildings	16,630,077	876,395	1,156,810	-	70,708	18,733,990
Improvements	9,042,314	5,917,084	52,746	11,685,420	471,366	27,168,930
Plant In Service-Water	13,641,200	-	-	-	-	13,641,200
Plant In Service-Sewer	6,576,894	-	-	-	-	6,576,894
	<u>50,302,701</u>	<u>7,234,240</u>	<u>5,990,744</u>	<u>12,696,045</u>	<u>810,906</u>	<u>77,034,636</u>
<u>Less Accumulated Depreciation:</u>						
Motorized Vehicles	(1,296,331)	(127,829)	(1,945,728)	(629,403)	(182,740)	(4,182,031)
Machinery & Equip.	(2,244,793)	(152,374)	(1,363,788)	(34,121)	(36,895)	(3,831,971)
Office Equip, Fern & Fixtures	(192,230)	(11,464)	(34,244)	(8,245)	-	(246,183)
Buildings	(1,294,333)	(636,249)	(1,003,666)	-	(70,708)	(3,004,956)
Improvements	(3,396,859)	(4,260,065)	(16,746)	(1,772,375)	(431,629)	(9,877,674)
Plant In Service-Water	(9,923,378)	-	-	-	-	(9,923,378)
Plant In Service-Sewer	(5,007,844)	-	-	-	-	(5,007,844)
	<u>(23,355,768)</u>	<u>(5,187,981)</u>	<u>(4,364,172)</u>	<u>(2,444,144)</u>	<u>(721,972)</u>	<u>(36,074,037)</u>
Net Depreciable Capital Assets	26,946,933	2,046,259	1,626,572	10,251,901	88,934	40,960,599
Net Capital Assets	\$ 27,217,732	\$ 2,628,956	\$ 2,008,123	\$ 17,590,491	\$ 113,298	\$ 49,558,600

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

Governmental Activities:	
General Government	\$ 169,187
Community Development	4,933
Public Safety	623,641
Public Works	846,427
	<u>\$ 1,644,188</u>
Discretely Presented Component Unit:	
Gainesville Economic Development Corp	\$ 128,935
Proprietary Funds:	
Water & Sewer	\$ 1,034,496
Airport	290,404
Solid Waste	258,366
Stormwater	376,401
Golf Course	7,774
	<u>\$ 1,967,441</u>

**E. Accounts Payable**

Accounts payable as of September 30, 2020, for the City's major funds and nonmajor funds in the aggregate are as follows:

	Governmental Funds					
	General Fund	Assigned Project	Nonmajor Funds	Total		
Vendor Payables	\$ 274,412	\$ -	\$ 113,454	\$ 387,866	-	
Court Costs Payable	36,092	-	60	36,152		
Funds Held for Others	14,657	-	-	14,657		
Accrued Payroll & Benefit	524,070	-	-	524,070		
	<u>\$ 849,231</u>	<u>\$ -</u>	<u>\$ 113,514</u>	<u>\$ 962,745</u>		
	Proprietary Funds					
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor-Golf Fund	Total
Vendor Payables	\$ 162,058	\$ 18,100	\$ 241,159	\$ 145	\$ 7,866	\$ 429,328
Accrued Comp. Absences	27,474	4,537	16,429	1,026	4,713	54,179
Postclosure Care Costs			697,573			697,573
Accrued Payroll & Benefit	100,739	10,679	56,184	5,395	14,793	187,790
Deposits Payable	249,800		1,864			251,664
Interest Payable	68,249	170	14,188	17,571	92	100,270
Totals	<u>\$ 608,320</u>	<u>\$ 33,486</u>	<u>\$ 1,027,397</u>	<u>\$ 24,137</u>	<u>\$ 27,464</u>	<u>\$ 1,720,804</u>

**CITY OF GAINESVILLE, TEXAS**  
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**F. Long-Term Debt**

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

As of September 30, 2020, 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
<b>Capital Lease</b>						
KS State Bank	0%	2018	2022	195,000	78,000	39,000
PNC Equipment Finance	3.84%	2019	2023	634,383	394,872	126,696
<b>Total Capital Leases</b>					<u>472,872</u>	<u>165,696</u>
<b>General Obligation Bonds:</b>						
Series 2012	2.0-3.0%	2012	2024	2,422,557	419,526	102,825
Series 2014 Ref	3.5-4.0%	2014	2034	4,765,000	1,441,050	79,950
Series 2016 Ref	2.25-4.0%	2016	2036	9,215,000	3,452,588	561,988
Series 2017 Ref	4.0%	2018	2028	1,801,007	1,117,942	132,032
Series 2020 Ref	1.01%	2020	2030	2,975,000	1,338,750	128,250
<b>Total General Obligation Bonds</b>					<u>7,769,856</u>	<u>1,005,045</u>
<b>Certificates of Obligation Bonds:</b>						
Series 2012	2.0-3.5%	2012	2032	2,219,000	600,000	42,000
Series 2018	3.0-3.4%	2018	2038	3,989,860	3,784,698	161,970
<b>Total Certificates of Obligation Bonds</b>					<u>4,384,698</u>	<u>203,970</u>
<b>Total Long-Term Debt - Governmental Activities</b>					<u>\$ 12,627,426</u>	<u>\$ 1,374,711</u>

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

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

	Balance 10/1/2019	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2020
<b>Capital Leases:</b>					
KS State Bank	\$ 117,000	\$ -	\$ -	(39,000)	\$ 78,000
PNC Equipment Finance	516,884	-	-	\$ (122,012)	394,872
<b>Total Capital Leases</b>	<u>633,884</u>	<u>-</u>	<u>-</u>	<u>(161,012)</u>	<u>472,872</u>
<b>General Obligation Bonds:</b>					
Series 2012	518,238	-	-	(98,712)	419,526
Series 2014	1,517,100	-	-	(76,050)	1,441,050
Series 2014 Ref	58,431	-	-	(58,431)	-
Series 2016 Ref	6,725,849	-	(2,630,936)	(642,325)	3,452,588
Series 2017 Ref	1,246,052	-	-	(128,110)	1,117,942
Series 2020 Ref	-	1,338,750	-	-	1,338,750
<b>Total GO Bonds</b>	<u>10,065,670</u>	<u>1,338,750</u>	<u>(2,630,936)</u>	<u>(1,003,628)</u>	<u>7,769,856</u>
<b>Certificates of Obligation Bonds:</b>					
Series 2010	1,426,500	-	(1,318,500)	(108,000)	-
Series 2012	642,000	-	-	(42,000)	600,000
Series 2018	3,922,373	-	-	(137,675)	3,784,698
<b>Total CO Bonds</b>	<u>5,990,873</u>	<u>-</u>	<u>(1,318,500)</u>	<u>(287,675)</u>	<u>4,384,698</u>
Premium/Discount	771,015	-	231	(44,112)	727,134
<b>Total Capital Leases and Bonds</b>	<u>\$ 17,461,442</u>	<u>\$ 1,338,750</u>	<u>\$ (3,949,205)</u>	<u>\$ (1,496,427)</u>	<u>\$ 13,354,560</u>

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Fiscal Year	General Obligation Bonds, Certificates of Obligation & Capital Leases		
	Principal	Interest	Total
Sep. 30,			
2021	1,374,711	347,547	1,722,258
2022	1,406,463	307,780	1,714,243
2023	1,040,078	269,970	1,310,048
2024	936,510	238,192	1,174,702
2025	849,262	212,199	1,061,461
2026-2030	3,645,485	763,642	5,172,769
2031-2035	2,439,562	344,301	2,783,863
2036-2038	935,355	42,922	1,913,632
	<u>\$ 12,627,426</u>	<u>\$ 2,526,553</u>	<u>\$ 16,852,976</u>

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

As of September 30, 2020, 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 2012	2.0-3.5%	2012	2032	400,500	300,000	21,000
Series 2013	4%-2.75%	2013	2033	5,730,000	4,180,000	260,000
Series 2015	4%-2.75%	2015	2035	9,215,000	7,765,000	395,000
General Obligation Bonds:						
Series 2014	3.5-4.0%	2014	2034	1,467,000	1,330,200	73,800
Series 2016 Ref	2.25-4.0%	2016	2036	433,257	1,434,650	128,234
Series 2017 Ref	4.0%	2018	2028	1,191,663	905,885	106,943
Series 2020 Ref	1.01%	2020	2030	773,500	773,500	74,100
					16,689,235	1,059,077
<u>Municipal Airport</u>						
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	72,009	37,719	11,593
<u>Solid Waste Utility</u>						
Certificates of Obligation Bonds:						
Series 2018	3.0-3.4%	2018	2038	3,400,140	3,225,301	138,030
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	607,079	317,994	97,738
					3,543,295	235,768
<u>Stormwater Utility</u>						
Certificates of Obligation Bonds:						
Series 2012	2.0-3.5%	2012	2032	1,468,500	1,100,000	77,000
General Obligation Bonds:						
Series 2012	2.0-3.0%	2012	2024	522,443	90,474	22,175
Series 2014	3.5-4.0%	2014	2034	1,018,750	923,750	51,250
Series 2016 Ref	2.25-4.0%	2016	2036	347,750	1,486,567	119,151
Series 2017 Ref	4.0%	2018	2028	905,320	686,172	81,024
Series 2020 Ref	1.01%	2020	2030	862,750	862,750	82,650
					5,149,713	433,250
<u>Municipal Golf Course</u>						
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	39,102	20,482	6,295
Total Bonds - Proprietary Funds Activities					\$ 25,440,444	\$ 1,745,983

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

	Balance 10/1/2019	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2020
<u>Water and Sewer Utility</u>					
Certificates of Obligation Bonds:					
Series 2010	824,200	-	(761,800)	(62,400)	-
Series 2012	321,000	-	-	(21,000)	300,000
Series 2013	4,430,000	-	-	(250,000)	4,180,000
Series 2015	8,145,000	-	-	(380,000)	7,765,000
General Obligation Bonds:					
Series 2014	1,400,400	-	-	(70,200)	1,330,200
Series 2016	308,976	-	1,264,829	(139,155)	1,434,650
Series 2017	1,009,487	-	-	(103,602)	905,885
Series 2020	-	773,500	-	-	773,500
Discount/Premium	811,128	-	81,818	(60,433)	832,513
	<u>17,250,191</u>	<u>773,500</u>	<u>584,847</u>	<u>(1,086,790)</u>	<u>17,521,748</u>
<u>Municipal Airport</u>					
General Obligation Bonds:					
Series 2014	7,769	-	-	(7,769)	-
Series 2016	51,353	-	-	(13,634)	37,719
Discount/Premium	4,123	-	-	(251)	3,872
	<u>63,245</u>	<u>-</u>	<u>-</u>	<u>(21,654)</u>	<u>41,591</u>
<u>Solid Waste Utility</u>					
Certificates of Obligation Bonds:					
Series 2018	3,342,627	-	-	(117,326)	3,225,301
General Obligation Bonds:					
Series 2014	71,949	-	-	(71,949)	-
Series 2016	432,940	-	-	(114,946)	317,994
Discount/Premium	34,762	-	-	(2,122)	32,640
	<u>3,882,278</u>	<u>-</u>	<u>-</u>	<u>(306,343)</u>	<u>3,575,935</u>
<u>Stormwater Utility</u>					
General Obligation Bonds:					
Series 2012	111,762	-	-	(21,288)	90,474
Series 2014	972,500	1,018,750	-	(46,250)	923,750
Series 2016	247,998	-	1,366,107	(127,538)	1,486,567
Series 2017	764,664	-	-	(78,492)	686,172
Series 2020	-	862,750	-	-	862,750
Certificates of Obligation Bonds:					
Series 2010	919,300	-	(849,700)	(69,600)	-
Series 2012	1,177,000	-	-	(77,000)	1,100,000
Series 2012	-	862,750	-	(862,750)	-
Discount/Premium	19,277	-	88,220	(7,791)	99,706
	<u>4,212,501</u>	<u>2,744,250</u>	<u>604,627</u>	<u>(1,290,709)</u>	<u>5,249,419</u>
<u>Municipal Golf Course</u>					
General Obligation Bonds:					
Series 2014	372	-	-	(372)	-
Series 2016	27,884	-	-	(7,402)	20,482
Discount/Premium	2,239	-	-	(137)	2,102
	<u>30,495</u>	<u>-</u>	<u>-</u>	<u>(7,911)</u>	<u>22,584</u>
Totals	<u>\$ 25,438,710</u>	<u>\$ 3,517,750</u>	<u>\$ 1,189,474</u>	<u>\$ (2,713,407)</u>	<u>\$ 26,411,277</u>





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

As of September 30, 2020, 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	1,149,511	225,871

The changes in GEDC debt is as follows:

	Balance 10/1/2019	Increase	Decrease	Balance 9/30/2020
Series 2014 Bond	\$ 1,343,211	-	(193,700)	\$ 1,149,511

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

Fiscal Year	Principal	Interest	Total
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>\$ 1,149,511</u>	<u>\$ 391,721</u>	<u>\$ 1,541,232</u>

**4. Defeased Debt**

As of September 30, 2020, the following defeased bonds remain outstanding:

	Amount
Series 2001 CO	1,655,000
Series 2002 CO	170,000
Series 2002 GO	895,000
Series 2003 CO	555,000
Series 2007 GO	2,620,000
Series 2008 GO	2,710,000
Series 2010 CO	2,825,000

**5. Advance Refunding Bonds**

The City issued General Obligation Refunding Bonds, Series 2020 on June 18, 2020. The bonds were issued to refund the 2010 Certificates of Obligation. The par amount of the bonds refunded totaled \$2,975,000. As a result of the refunding, \$2,919,549 was placed with the refunding escrow agent. The debt service savings is \$412,363 and the present value of the savings is \$383,145.

**6. 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

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has been increased to adjust for inflation. The balance of the liability at September 30, 2020 was \$712,387 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, 2020 was an increase of \$12,334.

**G. Compensated Absences**

The activity related to compensated absences is as follows:

	Compensated Absences			Compensated Absences	
	10/1/2019	Earned	Used	9/30/2020	Current Portion
Governmental Funds	\$ 557,163	\$ 576,675	\$ 467,753	\$ 666,085	\$ 333,042
Proprietary Funds:					
Water & Sewer	42,690	42,068	29,811	54,947	27,474
Airport Fund	8,173	3,038	2,136	9,075	4,537
Stormwater Utility	65	3,296	1,309	2,052	1,026
Solid Waste	22,742	35,104	24,989	32,857	16,429
Golf Course	10,031	6,885	7,490	9,426	4,713
Component Unit	7,055	3,334	6,253	4,136	2,068
	<u>\$ 647,919</u>	<u>\$ 670,400</u>	<u>\$ 539,741</u>	<u>\$ 778,578</u>	<u>\$ 389,289</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, Assigned and Unassigned.

**General Fund**

The General Fund has Unassigned Fund Balance of \$9,047,756 and Nonspendable Fund Balance of \$5,245 at September 30, 2020.

**Other Major Funds**

The Assigned Projects Fund has Assigned Fund Balance of \$5,686,215 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 Enforcement Education, State Seizure, 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, Hospital Demolition, Coronavirus Fund, and Capital 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.

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Net investment in capital assets for the Governmental Activities and Solid Waste fund have been calculated as follows:

	<b>Government Wide</b>	<b>Solid Waste Fund</b>
Capital assets net of accumulated depreciation	\$ 30,849,086	\$ 2,008,123
Deferred Loss on Refunding	333,407	39,793
Less: Bonds & leases payable	(13,354,560)	(3,575,935)
Add back unspent bond funds	2,962,539	3,655,843
Net investment in capital assets	\$ 20,790,472	\$ 2,127,824

**3. Net Position: Restricted**

This component of net position is reported in the government-wide financial statements. It represents amounts that are restricted for a particular purpose. At September 30, 2020, 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 2020, 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

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

Greater Texoma Utility Authority (GTUA) – The City has entered into various contracts with the Greater Texoma Utility Authority (GTUA), whereby GTUA provides water and sewer services to the City. As part of the contractual agreements, GTUA issues debt for the benefit of the City, the proceeds of which are used to finance construction of water and sewer facilities and infrastructure within the City. Although this debt is not that of the City, the City is contractually obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues. During the year ended September 30, 2020, the City paid \$695,347 to GTUA in accordance with these contracts.

The audited financial statements of the year ended September 30, 2020, for GTUA, issued by the GTUA's independent auditors, reflected total assets for the City projects as \$7,059,353, deferred outflows of resources of \$13,634, liabilities of \$5,974,669, and total net position of \$1,098,318. Additionally, total revenues and expenses for the City's projects were \$712,659 and \$783,351, respectively. Revenues, as reported, included investment income of \$14,600.

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, 2020 was \$3,045,000.

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, 2020 was \$1,535,000.

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, 2020 was \$790,000.

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 \$520,000.

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
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	425,000	84,800	509,800
2026-2030	2,280,000	273,869	2,553,869
2031-2033	1,055,000	28,631	1,083,631
	<u>\$ 5,890,000</u>	<u>\$ 827,778</u>	<u>\$ 6,717,778</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, 2020, 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, 2020, financial statements of GTUA. During the year ended September 30, 2020, the City paid \$285,843 to GTUA in accordance with this contract.

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
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	255,960	38,022	293,982
2026-2030	1,344,600	98,610	1,443,210
	<u>\$ 2,562,840</u>	<u>\$ 336,646</u>	<u>\$ 2,899,486</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
Eikon Consulting Group	Fire Station #3	\$ 260,250	\$ 249,548	\$ 10,702
Eikon Consulting Group	Gainesville Transfer Station	475,246	92,595	382,651
HDR Engineering Inc	Golf Course Water Rights	21,000	15,644	5,356
Kimley Horn	Sump Bond Package K	258,500	47,875	210,625
Kimley Horn	Sanitary Sewer Project	78,000	77,963	37
Kimley Horn	I35 Utilities Relocation	299,500	265,868	33,632
Kimley Horn	Impact Fee Study	35,000	1,750	33,250
Kimley Horn	Wastewater Master plan	208,000	145,600	62,400
Kimley Horn	Street Evaluaton & SUMP Study	122,000	45,000	77,000
Kimley Horn	Master Thoroughfare & Sidewalk Plan	65,000	42,250	22,750
Kimley Horn	Sanitary Sewer Design	33,000	31,350	1,650
Lynn Vessels Construciton LLC	Sanitary Sewer Project	405,782	384,422	21,360
Smoldt Construction	Fire Station #3	2,163,849	2,119,849	44,000

**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
Super Rustic, LLC	\$ 100,000	\$ 50,000	\$ 50,000
Farmers Market	20,000	15,000	5,000

**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 \$61,006. Minimum future annual requirements are as follows:

Year Ended	Amount
2021	\$ 35,237
2022	10,036
2023	8,057
2024	6,894
2025	518
Total	<u>\$ 60,742</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 whom are appointed by the Mayor of the City. The GHA Chief Executive Officer is selected by the GHA

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

**G. Jointly Governed Organizations**

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

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

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

**H. Joint Ventures**

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

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

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, 2020, was \$8,150,000. 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 PLAN**

**Texas Municipal Retirement System**

**A. Plan Description**

The City of Gainesville participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**B. Benefits Provided**

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

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

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 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

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	2019
Inactive employees or beneficiaries currently receiving benefits	150
Inactive employees entitled to but not yet receiving benefits	133
Active Employees	214
	497

**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 12.17% and 9.19% in calendar years 2020 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2020 were \$1,470,524.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%

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

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

***Rate of Return***

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, the actuary 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 in fiscal year 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	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.

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

***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 12/31/2018	\$ 48,607,870	\$36,926,450	\$ 11,681,420	\$11,452,651	\$228,769
Changes for the year:					
Service Cost	1,384,495	-	1,384,495	1,357,381	27,114
Interest	3,254,251	-	3,254,251	3,190,520	63,731
Change in benefit terms including substantively automatic status	-	-	-	-	-
Difference between expected and actual expense	160,325	-	160,325	157,185	3,140
Changes of assumptions	110,743	-	110,743	108,574	2,169
Contributions-employer	-	1,683,674	(1,683,674)	(1,650,701)	(32,973)
Contributions-employees	-	725,499	(725,499)	(711,291)	(14,208)
Net investment income	-	5,706,203	(5,706,203)	(5,594,453)	(111,750)
Benefit payments, including refunds of employee contributions	(2,177,988)	(2,177,988)	-	-	-
Administrative expense	-	(32,257)	32,257	31,625	632
Other changes	-	(969)	969	950	19
Net change	<u>2,731,826</u>	<u>5,904,162</u>	<u>(3,172,336)</u>	<u>(3,110,209)</u>	<u>(62,127)</u>
Balance at 12/31/2019	<u>\$ 51,339,696</u>	<u>\$42,830,612</u>	<u>\$ 8,509,084</u>	<u>\$ 8,342,442</u>	<u>\$ 166,642</u>

***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 Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	<u>\$ 15,831,658</u>	<u>\$ 8,342,442</u>	<u>\$ 2,242,873</u>
Component unit pension liability	<u>\$ 316,241</u>	<u>\$ 166,642</u>	<u>\$ 44,802</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in separately issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2020. The city recognized pension expense of \$1,342,124 and the component unit recognized expense of \$39,298.

At September 30, 2020, the city reported deferred outflows of resources and deferred inflows or resources related to pensions for the following sources:

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

	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	\$ 118,081	\$ 345,575	\$ 2,359	\$ 7,570
Changes in actuarial assumptions	80,300	-	1,604	-
Difference between projected and actual investment earnings	-	1,256,668	-	25,106
Contributions subsequent to the measurement date	1,052,407	-	19,760	-
<b>Total</b>	<b>\$ 1,250,788</b>	<b>\$ 1,602,243</b>	<b>\$ 23,723</b>	<b>\$ 32,676</b>

\$1,052,407 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 2021 for the City. \$19,760 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 2021 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	\$ (507,346)	\$ (10,134)
2021	(428,805)	(8,565)
2022	161,595	3,228
2023	(630,145)	(12,587)
2024	-	-
Thereafter	-	-

**2. Postemployment Benefits Plan-Supplemental Death Benefits Fund (SDBF)**

**A. Plan Description**

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

**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.

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 career.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

	2019
Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	27
Active Employees	214
	349

**C. Accounting Policy**

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

**D. Actuarial Methods and Actuarial Assumptions**

Significant methods and assumptions used in the December 31, 2019, actuarial valuation are as follows: follows:

Inflation	2.50%
Salary increases	3.5% to 11.5% including inflation
Discount Rate *	2.75%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**E. Total OPEB Liability**

The City's total OPEB liability of \$777,989 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

The total OPEB liability and related information are as follows for the City as of September 30, 2020.

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

	Total OPEB Liability	Total OPEB Liability City Portion	Total OPEB Liability Component Unit
Total OPEB liability - Balance at beginning of year	\$ 667,176	\$ 654,110	\$ 13,066
Changes for the year:			
Service Cost	20,556	20,153	403
Interest on total OPEB liability	24,977	24,488	489
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(45,537)	(44,645)	(892)
Changes of assumptions or other inputs	119,281	116,945	2,336
Benefit payments	(8,464)	(8,298)	(166)
Net change	110,813	108,643	2,170
Total OPEB liability - End of year	\$ 777,989	\$ 762,753	\$ 15,236

**F. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

For the year ended September 30, 2020, the City recognized OPEB expense of \$60,494.

At September 30, 2020, the City reported deferred outflows and inflows of resources 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	\$ 850	\$ 36,347	\$ 17	726
Changes in assumptions and other inputs	117,280	27,247	2,344	545
Contributions subsequent to the measurement date	16,410	-	328	-
Total	\$ 134,541	\$ 63,594	\$ 2,688	\$ 1,271

Benefit payments subsequent to the measurement date and before fiscal year-end of \$16,410 for the City and \$328 for the Component Unit will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2021.

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,		
2021	\$ 14,668	\$ 293
2022	14,668	293
2023	10,672	213
2024	9,409	188
2025	5,107	102
Thereafter	-	-

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

The following represents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease in Discount Rate 1.75%	Current Discount Rate 2.75%	1% Increase in Discount Rate 6.75%
City's net OPEB liability	\$ 913,305	\$ 762,753	\$ 644,839
	1% Decrease in Discount Rate 2.31%	Current Discount Rate 3.31%	1% Increase in Discount Rate 4.31%
Component unit's net OPEB	\$ 18,243	\$ 15,236	\$ 12,881

**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, 2020, the City abated property taxes totaling \$322,169 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 70% property tax abatement to a building materials manufacturer company to stimulate investment and economic development. The tax abatement amounted to \$53,647.
- A 90% property tax abatement for real property improvement to stimulate economic development. tax abatement amounted to \$219,933.

**K. Subsequent Events**

The City's management has evaluated subsequent events through February 27, 2021, 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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 5,808,912	\$ 5,808,912	\$ 5,985,615	\$ 176,703
Sales Taxes	5,546,347	5,352,279	6,437,327	1,085,048
Franchise Fees	1,198,750	1,183,750	1,239,937	56,187
Mixed Beverage Tax	37,500	17,500	28,073	10,573
Service Charges	1,052,824	677,753	812,584	134,831
License & Permits	302,000	397,500	480,117	82,617
Fines & Forfeitures	461,050	264,550	322,099	57,549
Investment Income	140,000	120,000	104,496	(15,504)
Intergovernmental Revenues	-	-	905,860	905,860
Donations	-	1,973	29,284	27,311
Other Income	92,210	138,538	240,096	101,558
<b>TOTAL REVENUES</b>	<b>14,639,593</b>	<b>13,962,755</b>	<b>16,585,488</b>	<b>2,622,733</b>
<b>EXPENDITURES:</b>				
Current				
General Government				
Administration	581,133	566,666	549,541	17,125
Human Resources	225,201	228,544	224,303	4,241
Downtown	-	-	-	-
Information Technology	266,579	257,804	248,743	9,061
Building Operations	77,378	73,073	63,140	9,933
Public Assistance Programs	89,450	144,450	98,488	45,962
Municipal Court	290,361	286,830	277,702	9,128
Civic Center Operations	263,015	230,144	219,228	10,916
Total General Government	<b>1,793,117</b>	<b>1,787,511</b>	<b>1,681,145</b>	<b>106,366</b>
Community Development	-	-	-	-
Planning and Zoning	335,119	321,781	284,687	37,094
Code Compliance	289,303	271,513	217,140	54,373
Total Community Development	<b>624,422</b>	<b>593,294</b>	<b>501,827</b>	<b>91,467</b>
Finance	573,743	563,992	519,907	44,085
Public Safety				
Police	5,709,239	5,235,637	5,093,958	141,679
Emergency Management	37,745	32,430	31,430	1,000
Fire	4,330,085	4,330,068	4,353,314	(23,246)
Total Public Safety	<b>10,077,069</b>	<b>9,598,135</b>	<b>9,478,702</b>	<b>119,433</b>
Public Works				
Administration	93,970	93,019	92,255	764
Street Maintenance	845,698	812,116	801,342	10,774
Central Garage	261,414	243,330	236,699	6,631
Parks and Recreation Operations	951,533	849,828	694,938	154,890
Zoo Operations	1,264,987	1,229,199	1,181,232	47,967
Cemetery Operations	314,614	309,414	282,375	27,039
Total Public Works	<b>3,732,216</b>	<b>3,536,906</b>	<b>3,288,841</b>	<b>248,065</b>

**CITY OF GAINESVILLE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**  
**(Continued)**

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Non Departmental	-	-	-	-
Debt Service				
Principal	161,011	161,011	161,011	-
Interest	19,849	19,849	19,848	1
Capital Outlay	697,497	339,217	146,987	192,230
<b>TOTAL EXPENDITURES</b>	<u>17,678,924</u>	<u>16,599,915</u>	<u>15,798,268</u>	<u>801,647</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,039,331)</u>	<u>(2,637,160)</u>	<u>787,220</u>	<u>3,424,380</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of Debt	-	-	-	-
Funds Transferred In	3,261,924	3,161,502	2,888,879	(272,623)
Funds Transferred Out	(183,000)	(484,748)	(3,636,505)	(3,151,757)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,078,924</u>	<u>2,676,754</u>	<u>(747,626)</u>	<u>(3,424,380)</u>
<b>NET CHANGE IN FUND BALANCES</b>	39,593	39,594	39,594	-
<b>FUND BALANCE - October 1</b>	9,013,407	9,013,407	9,013,407	-
<b>FUND BALANCE - September 30</b>	<u>\$ 9,053,000</u>	<u>\$ 9,053,001</u>	<u>\$ 9,053,001</u>	<u>\$ -</u>

**CITY OF GAINESVILLE, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
<b>Total Pension Liability</b>						
Service Cost	\$ 1,384,495	\$ 1,311,903	\$ 1,044,140	\$ 1,032,475	\$ 983,604	\$ 904,131
Interest (on the total pension liability)	3,254,251	3,129,818	2,800,533	2,675,417	2,667,580	2,583,710
Changes of benefit terms		3,430,995				
Difference between expected and actual experience	160,325	(416,450)	(476,904)	17,839	(96,053)	(277,847)
Change of assumptions	110,743				(78,753)	
Benefit payments, including refunds of employee contributions	(2,177,988)	(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)	(2,066,593)
<b>Net Change in Total Pension Liability</b>	<b>2,731,826</b>	<b>5,198,010</b>	<b>1,517,335</b>	<b>1,817,939</b>	<b>1,439,818</b>	<b>1,143,401</b>
<b>Total Pension Liability - Beginning</b>	<b>48,607,870</b>	<b>43,409,860</b>	<b>41,892,525</b>	<b>40,074,586</b>	<b>38,634,768</b>	<b>37,491,367</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 51,339,696</b>	<b>\$ 48,607,870</b>	<b>\$ 43,409,860</b>	<b>\$ 41,892,525</b>	<b>\$ 40,074,586</b>	<b>\$ 38,634,768</b>
<b>Plan Fiduciary Net Pension</b>						
Contributions - employer	\$ 1,683,674	\$ 1,090,028	\$ 1,041,967	\$ 991,986	\$ 1,006,406	\$ 1,106,406
Contributions - employee	725,499	568,908	543,257	532,753	518,232	524,860
Net investment income	5,706,203	(1,159,231)	4,746,611	2,191,755	48,641	1,808,335
Benefit payments, including refunds of employee contributions	(2,177,988)	(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)	(2,066,593)
Administrative expense	(32,257)	(22,409)	(24,603)	(24,783)	(29,628)	(18,881)
Other	(969)	(1,170)	(1,247)	(1,335)	(1,463)	(1,552)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>5,904,162</b>	<b>(1,782,130)</b>	<b>4,455,551</b>	<b>1,782,584</b>	<b>(494,372)</b>	<b>1,352,575</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>36,926,450</b>	<b>38,708,580</b>	<b>34,253,029</b>	<b>32,470,445</b>	<b>32,964,817</b>	<b>31,612,242</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 42,830,612</b>	<b>\$ 36,926,450</b>	<b>\$ 38,708,580</b>	<b>\$ 34,253,029</b>	<b>\$ 32,470,445</b>	<b>\$ 32,964,817</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 8,509,084</b>	<b>\$ 11,681,420</b>	<b>\$ 4,701,280</b>	<b>\$ 7,639,496</b>	<b>\$ 7,604,141</b>	<b>\$ 5,669,951</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>83.43%</b>	<b>75.97%</b>	<b>89.17%</b>	<b>81.76%</b>	<b>81.03%</b>	<b>85.32%</b>
<b>Covered Payroll</b>	<b>\$ 12,091,656</b>	<b>\$ 11,378,167</b>	<b>\$ 10,865,140</b>	<b>\$ 10,655,057</b>	<b>\$ 10,364,634</b>	<b>\$ 10,295,465</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>70.37%</b>	<b>102.67%</b>	<b>43.27%</b>	<b>71.70%</b>	<b>73.37%</b>	<b>55.07%</b>

**CITY OF GAINESVILLE, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS-TMRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	1,470,524	1,380,098	1,061,273	1,048,344	1,024,989	1,047,978
Contributions in relation to actuarially determined contribution	(1,470,524)	(1,603,100)	(1,061,273)	(1,048,344)	(1,024,989)	(1,047,978)
Contribution deficiency (excess)	\$ -	\$ (223,002)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,107,573	\$ 12,139,096	\$ 11,074,513	\$ 10,790,139	\$ 10,364,634	\$ 10,364,634
Contributions as a percentage of covered payroll	12.15%	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, 2020**

**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	26 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.5% 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 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UPM. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	There were no benefit changes during the year.

**CITY OF GAINESVILLE, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Measurement Year December 31, 2019	Measurement Year December 31, 2018	Measurement Year December 31, 2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 20,556	\$ 23,894	\$ 19,557
Interest (on the total pension liability)	24,977	22,453	22,391
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(45,537)	1,357	-
Change of assumptions	119,281	(43,517)	49,108
Benefit payments, including refunds of employee contributions	(8,464)	(6,827)	(7,606)
<b>Net Change in Total OPEB Liability</b>	<u>110,813</u>	<u>(2,640)</u>	<u>83,450</u>
<b>Total OPEB Liability - Beginning</b>	<u>667,176</u>	<u>669,816</u>	<u>586,366</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 777,989</u>	<u>\$ 667,176</u>	<u>\$ 669,816</u>

**Covered Payroll** 12,091,656 11,378,167 10,865,140

88 **Total OPEB Liability as a Percentage of Covered Payroll** 6.43% 5.86% 6.16%

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**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, 2020**

	SPECIAL				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
<b>ASSETS:</b>										
Cash	\$ 7,293	\$ 26,636	\$ 471,758	\$ 53	\$ 3,117	\$ 24,956	\$ 1,116,058	\$ 20,716	\$ 23,703	\$ 180,182
Investments	-	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-
Other	320	-	58,015	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	5,834
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 7,613</u>	<u>\$ 26,636</u>	<u>\$ 529,773</u>	<u>\$ 53</u>	<u>\$ 3,117</u>	<u>\$ 24,956</u>	<u>\$ 1,116,058</u>	<u>\$ 20,716</u>	<u>\$ 23,703</u>	<u>\$ 186,016</u>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES:</b>										
Accounts Payable	\$ 32	\$ -	\$ 39,831	\$ -	\$ -	\$ 28	\$ -	\$ -	\$ 5,066	\$ -
Interfund Payable	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>32</u>	<u>-</u>	<u>39,831</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>5,066</u>	<u>-</u>
<b>DEREFED INFLOWS OF RESOURCES:</b>										
Unavailable Revenues	-	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>										
<b>Nonspendable:</b>										
Cemetery	-	-	-	-	-	-	-	-	-	-
<b>Restricted:</b>										
Debt Service	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-
Tourism and the Arts	-	-	-	-	-	-	-	-	-	-
Other	7,581	26,636	489,942	53	3,117	24,928	-	-	18,637	186,016
<b>Assigned:</b>										
Construction	-	-	-	-	-	-	1,116,058	-	-	-
Other	-	-	-	-	-	-	-	20,716	-	-
<b>Unassigned</b>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>7,581</u>	<u>26,636</u>	<u>489,942</u>	<u>53</u>	<u>3,117</u>	<u>24,928</u>	<u>1,116,058</u>	<u>20,716</u>	<u>18,637</u>	<u>186,016</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 7,613</u>	<u>\$ 26,636</u>	<u>\$ 529,773</u>	<u>\$ 53</u>	<u>\$ 3,117</u>	<u>\$ 24,956</u>	<u>\$ 1,116,058</u>	<u>\$ 20,716</u>	<u>\$ 23,703</u>	<u>\$ 186,016</u>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		DEBT SERVICE	PERMANENT FUNDS		TOTAL
	CORONAVIRUS FUND	CAPITAL PROJECTS FUND	2016 GO BONDS	2018 CO BONDS	DEBT SERVICE FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
<b>ASSETS:</b>								
Cash	870,928	\$ 723,312	\$ -	\$ 2,962,539	\$ 1,602,220	\$ 1,645,150	\$ 11,323	\$ 9,689,944
Investments	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	59,772	-	-	59,772
Other	-	-	-	-	-	-	-	64,169
Inventory	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 870,928</u>	<u>\$ 723,312</u>	<u>\$ -</u>	<u>\$ 2,962,539</u>	<u>\$ 1,661,992</u>	<u>\$ 1,645,150</u>	<u>\$ 11,323</u>	<u>\$ 9,813,885</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts Payable	\$ 5,891	\$ 17,622	\$ -	\$ 45,044	\$ -	\$ -	\$ -	\$ 113,514
Interfund Payable	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>5,891</u>	<u>17,622</u>	<u>-</u>	<u>45,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,514</u>
<b>DEREFERRED INFLOWS OF RESOURCES:</b>								
Unavailable Revenues	-	-	-	-	59,772	-	-	\$ 59,772
<b>FUND BALANCES:</b>								
<b>Nonspendable:</b>								
Cemetery	-	-	-	-	-	1,645,150	-	1,645,150
<b>Restricted:</b>								
Debt Service	-	-	-	-	1,602,220	-	-	1,602,220
Construction	-	705,690	-	2,917,495	-	-	-	3,623,185
Tourism and the Arts	-	-	-	-	-	-	-	489,942
Other	-	-	-	-	-	-	11,323	278,291
<b>Assigned:</b>								
Construction	-	-	-	-	-	-	-	1,116,058
Other	865,037	-	-	-	-	-	-	885,753
<b>Unassigned</b>								
<b>TOTAL FUND BALANCES</b>	<u>865,037</u>	<u>705,690</u>	<u>-</u>	<u>2,917,495</u>	<u>1,602,220</u>	<u>1,645,150</u>	<u>11,323</u>	<u>9,640,599</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>870,928</u>	<u>\$ 723,312</u>	<u>\$ -</u>	<u>\$ 2,962,539</u>	<u>\$ 1,661,992</u>	<u>\$ 1,645,150</u>	<u>\$ 11,323</u>	<u>\$ 9,813,885</u>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	SPECIAL				REVENUE FUNDS					
	MUNICIPAL COURT TECH.	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
<b>REVENUES</b>										
Taxes:										
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	640,422	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	2,489	-	-	-
License & Permits	-	-	-	-	-	-	-	-	-	23,534
Fines & Forfeitures	7,715	7,753	-	-	-	10,527	-	-	-	-
Investment Income	78	167	2,499	6	23	242	9,590	156	265	1,025
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	3,463	-	-	-	-	2,485	-
<b>TOTAL REVENUES</b>	<u>7,793</u>	<u>7,920</u>	<u>642,921</u>	<u>3,469</u>	<u>23</u>	<u>10,769</u>	<u>9,590</u>	<u>2,645</u>	<u>2,750</u>	<u>24,559</u>
<b>EXPENDITURES</b>										
Current:										
General Government	-	-	178,085	-	-	-	3,909	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	9,340	1,195	-	3,485	-	723	-	20,061	-	-
Public Works	-	-	-	-	-	-	4,719	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>9,340</u>	<u>1,195</u>	<u>178,085</u>	<u>3,485</u>	<u>-</u>	<u>723</u>	<u>3,909</u>	<u>4,719</u>	<u>20,061</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,547)</u>	<u>6,725</u>	<u>464,836</u>	<u>(16)</u>	<u>23</u>	<u>10,046</u>	<u>5,681</u>	<u>(2,074)</u>	<u>(17,311)</u>	<u>24,559</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-	-	-	-	-	-	-
Funds Transferred In	-	-	-	-	-	-	-	-	-	-
Funds Transferred Out	-	-	(337,894)	-	-	(13,000)	-	(56)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(337,894)</u>	<u>-</u>	<u>-</u>	<u>(13,000)</u>	<u>-</u>	<u>(56)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,547)</u>	<u>6,725</u>	<u>126,942</u>	<u>(16)</u>	<u>23</u>	<u>(2,954)</u>	<u>5,681</u>	<u>(2,130)</u>	<u>(17,311)</u>	<u>24,559</u>
<b>FUND BALANCE - October 1</b>	<u>9,128</u>	<u>19,911</u>	<u>363,000</u>	<u>69</u>	<u>3,094</u>	<u>27,882</u>	<u>1,110,377</u>	<u>22,846</u>	<u>35,948</u>	<u>161,457</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 7,581</u>	<u>\$ 26,636</u>	<u>\$ 489,942</u>	<u>\$ 53</u>	<u>\$ 3,117</u>	<u>\$ 24,928</u>	<u>\$ 1,116,058</u>	<u>\$ 20,716</u>	<u>\$ 18,637</u>	<u>\$ 186,016</u>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	SPECIAL REVENUE FUND		CONSTRUCTION PROJECTS		DEBT SERVICE	PERMANENT FUNDS		TOTAL
	CORONAVIRUS FUND	CAPITAL PROJECTS FUND	2016 CO BONDS	2018 CO BONDS	DEBT SERVICE FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
<b>REVENUES</b>								
Taxes:								
Ad Valorem Taxes	-	\$ -	\$ -	\$ -	\$ 2,438,322	\$ -	\$ -	\$ 2,438,322
Sales Taxes	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	-	640,422
Service Charges	-	-	-	-	-	-	-	2,489
License & Permits	-	-	-	-	-	-	-	23,534
Fines & Forfeitures	-	-	-	-	-	-	-	25,995
Investment Income	32	7,874	6,247	16,745	16,428	14,288	98	75,763
Intergovernmental Revenues	45,689	-	-	-	-	-	-	45,689
Other Income	-	457	-	-	18,545	32,578	-	57,528
<b>TOTAL REVENUES</b>	<b>45,721</b>	<b>8,331</b>	<b>6,247</b>	<b>16,745</b>	<b>2,473,295</b>	<b>46,866</b>	<b>98</b>	<b>3,309,742</b>
<b>EXPENDITURES</b>								
Current:								
General Government	7,701	-	-	-	95,408	-	-	285,103
Community Development	39	-	-	-	-	-	-	39
Finance	1,448	-	-	-	-	-	-	1,448
Public Safety	23,501	-	-	-	-	-	-	58,305
Public Works	14,025	-	-	-	-	-	-	18,744
Debt Service:								
Principal	-	-	-	-	1,291,302	-	-	1,291,302
Interest	-	-	-	-	379,476	-	-	379,476
Bond Issuance Costs	-	-	-	-	24,954	-	-	24,954
Capital Outlay	-	324,493	274,433	770,147	-	-	-	1,369,073
<b>TOTAL EXPENDITURES</b>	<b>46,714</b>	<b>324,493</b>	<b>274,433</b>	<b>770,147</b>	<b>1,791,140</b>	<b>-</b>	<b>-</b>	<b>3,428,444</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(993)</b>	<b>(316,162)</b>	<b>(268,186)</b>	<b>(753,402)</b>	<b>682,155</b>	<b>46,866</b>	<b>98</b>	<b>(118,702)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Refunding Bonds Issued	-	-	-	-	1,338,750	-	-	1,338,750
Payment to Refunding Escrow Agent	-	-	-	-	(1,336,293)	-	-	(1,336,293)
Funds Transferred In	866,030	218,150	-	1,656,704	150,228	-	-	2,891,112
Funds Transferred Out	-	(231,931)	(357,204)	-	(764,433)	(32,000)	-	(1,736,518)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>866,030</b>	<b>(13,781)</b>	<b>(357,204)</b>	<b>1,656,704</b>	<b>(611,748)</b>	<b>(32,000)</b>	<b>-</b>	<b>1,157,051</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>865,037</b>	<b>(329,943)</b>	<b>(625,390)</b>	<b>903,302</b>	<b>70,407</b>	<b>14,866</b>	<b>98</b>	<b>1,038,349</b>
<b>FUND BALANCE - October 1</b>	<b>-</b>	<b>1,035,633</b>	<b>625,390</b>	<b>2,014,193</b>	<b>1,531,813</b>	<b>1,630,284</b>	<b>11,225</b>	<b>8,602,250</b>
<b>FUND BALANCE - September 30</b>	<b>865,037</b>	<b>\$ 705,690</b>	<b>\$ -</b>	<b>\$ 2,917,495</b>	<b>\$ 1,602,220</b>	<b>\$ 1,645,150</b>	<b>\$ 11,323</b>	<b>\$ 9,640,599</b>



**Budgetary Comparison Schedules**  
Major Governmental Funds

**CITY OF GAINESVILLE, TEXAS**  
**ASSIGNED PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Investment Income	20,000	35,000	28,575	(6,425)
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>20,000</u>	<u>35,000</u>	<u>28,575</u>	<u>(6,425)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Capital Outlay	1,424,500	1,585,731	451,231	1,134,500
<b>Total EXPENDITURES</b>	<u>1,424,500</u>	<u>1,585,731</u>	<u>451,231</u>	<u>1,134,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,404,500)</u>	<u>(1,550,731)</u>	<u>(422,656)</u>	<u>1,128,075</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	2,347,633	2,347,633
Funds Transferred Out	-	-	(1,119,500)	(1,119,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>1,228,133</u>	<u>1,228,133</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,404,500)</u>	<u>(1,550,731)</u>	<u>805,477</u>	<u>2,356,208</u>
<b>FUND BALANCE - October 1</b>	<u>4,880,738</u>	<u>4,880,738</u>	<u>4,880,738</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 3,476,238</u>	<u>\$ 3,330,007</u>	<u>\$ 5,686,215</u>	<u>\$ 2,356,208</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 2,321,395	\$ 2,383,000	\$ 2,438,322	\$ 55,322
Investment Income	27,000	27,000	16,428	(10,572)
Other Income	18,000	15,000	18,545	3,545
<b>TOTAL REVENUES</b>	<u>2,366,395</u>	<u>2,425,000</u>	<u>2,473,295</u>	<u>48,295</u>
<b>EXPENDITURES</b>				
Current:				
General Government	121,000	121,000	95,408	25,592
Debt Service				
Principal Retirement	1,295,133	1,295,133	1,291,302	3,831
Interest and Fiscal Charges	598,218	598,218	379,476	218,742
Debt Issuance Costs	-	-	24,954	(24,954)
<b>TOTAL EXPENDITURES</b>	<u>2,014,351</u>	<u>2,014,351</u>	<u>1,791,140</u>	<u>223,211</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>352,044</u>	<u>410,649</u>	<u>682,155</u>	<u>271,506</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	-	-	1,338,750	1,338,750
Payment to Refunding Escrow Agent	-	-	(1,336,293)	(1,336,293)
Funds Transferred In	150,248	150,248	150,228	(20)
Funds Transferred Out	(570,809)	(570,809)	(764,433)	(193,624)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(420,561)</u>	<u>(420,561)</u>	<u>(611,748)</u>	<u>(191,187)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(68,517)</u>	<u>(9,912)</u>	<u>70,407</u>	<u>80,319</u>
<b>FUND BALANCE - October 1</b>	<u>1,531,813</u>	<u>1,531,813</u>	<u>1,531,813</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 1,463,296</u>	<u>\$ 1,521,901</u>	<u>\$ 1,602,220</u>	<u>\$ 80,319</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fines & Forfeitures	\$ 12,000	\$ 7,350	\$ 7,715	\$ 365
Investment Income	100	80	78	(2)
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>12,100</u>	<u>7,430</u>	<u>7,793</u>	<u>363</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	10,320	10,124	9,340	784
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,780</u>	<u>(2,694)</u>	<u>(1,547)</u>	<u>1,147</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	1,780	(2,694)	(1,547)	1,147
<b>FUND BALANCE - October 1</b>	<u>9,128</u>	<u>9,128</u>	<u>9,128</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 10,908</u>	<u>\$ 6,434</u>	<u>\$ 7,581</u>	<u>\$ 1,147</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fines & Forfeitures	\$ 10,000	\$ 5,400	\$ 7,753	\$ 2,353
Investment Income	200	150	167	17
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>10,200</u>	<u>5,550</u>	<u>7,920</u>	<u>2,370</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	2,000	1,191	1,195	(4)
Capital Outlay	2,000	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>4,000</u>	<u>1,191</u>	<u>1,195</u>	<u>(4)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,200</u>	<u>4,359</u>	<u>6,725</u>	<u>2,366</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>6,200</u>	<u>4,359</u>	<u>6,725</u>	<u>2,366</u>
<b>FUND BALANCE - October 1</b>	<u>19,911</u>	<u>19,911</u>	<u>19,911</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 26,111</u>	<u>\$ 24,270</u>	<u>\$ 26,636</u>	<u>\$ 2,366</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Other Local Taxes	\$ 600,000	\$ 600,000	\$ 640,422	\$ 40,422
Investment Income	5,000	3,000	2,499	(501)
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>605,000</u>	<u>603,000</u>	<u>642,921</u>	<u>39,921</u>
<b>EXPENDITURES</b>				
Current:				
General Government	186,800	186,800	178,085	8,715
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>186,800</u>	<u>186,800</u>	<u>178,085</u>	<u>8,715</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>418,200</u>	<u>416,200</u>	<u>464,836</u>	<u>48,636</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(387,128)	(337,894)	(337,894)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(387,128)</u>	<u>(337,894)</u>	<u>(337,894)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	31,072	78,306	126,942	48,636
<b>FUND BALANCE - October 1</b>	<u>363,000</u>	<u>363,000</u>	<u>363,000</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 394,072</u>	<u>\$ 441,306</u>	<u>\$ 489,942</u>	<u>\$ 48,636</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	39	60	6	(54)
Other Income	3,539	3,463	3,463	-
<b>TOTAL REVENUES</b>	<u>3,578</u>	<u>3,523</u>	<u>3,469</u>	<u>(54)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	3,539	3,463	3,485	(22)
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>3,539</u>	<u>3,463</u>	<u>3,485</u>	<u>(22)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>39</u>	<u>60</u>	<u>(16)</u>	<u>(76)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>39</u>	<u>60</u>	<u>(16)</u>	<u>(76)</u>
<b>FUND BALANCE - October 1</b>	<u>69</u>	<u>69</u>	<u>69</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 108</u>	<u>\$ 129</u>	<u>\$ 53</u>	<u>\$ (76)</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fines & Forfeitures	\$ 16,500	\$ 9,953	\$ 10,527	\$ 574
Investment Income	200	220	242	22
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>16,700</u>	<u>10,173</u>	<u>10,769</u>	<u>596</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,100	723	723	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,100</u>	<u>723</u>	<u>723</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,600</u>	<u>9,450</u>	<u>10,046</u>	<u>596</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(12,600)	(13,000)	(13,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(12,600)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	3,000	(3,550)	(2,954)	596
<b>FUND BALANCE - October 1</b>	<u>27,882</u>	<u>27,882</u>	<u>27,882</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 30,882</u>	<u>\$ 24,332</u>	<u>\$ 24,928</u>	<u>\$ 596</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Charges for Services	\$ 19,200	\$ 10,000	\$ 2,489	\$ (7,511)
Investment income	100	140	156	16
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>19,300</u>	<u>10,140</u>	<u>2,645</u>	<u>(7,495)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	5,000	5,000	4,719	281
Capital Outlay	10,000	10,000	-	10,000
<b>TOTAL EXPENDITURES</b>	<u>15,000</u>	<u>15,000</u>	<u>4,719</u>	<u>10,281</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>4,300</u>	<u>(4,860)</u>	<u>(2,074)</u>	<u>2,786</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	(56)	(56)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(56)</u>	<u>(56)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>4,300</u>	<u>(4,860)</u>	<u>(2,130)</u>	<u>2,730</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>22,846</u>	<u>22,846</u>	<u>22,846</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 27,146</u>	<u>\$ 17,986</u>	<u>\$ 20,716</u>	<u>\$ 2,730</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
License & Permits	\$ 12,500	\$ 12,800	\$ 23,534	\$ 10,734
Investment Income	2,500	2,700	1,025	(1,675)
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>15,000</u>	<u>15,500</u>	<u>24,559</u>	<u>9,059</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,000</u>	<u>15,500</u>	<u>24,559</u>	<u>9,059</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>15,000</u>	<u>15,500</u>	<u>24,559</u>	<u>9,059</u>
<b>FUND BALANCE - October 1</b>	<u>161,457</u>	<u>161,457</u>	<u>161,457</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 176,457</u>	<u>\$ 176,957</u>	<u>\$ 186,016</u>	<u>\$ 9,059</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	60	30	23	(7)
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>60</u>	<u>30</u>	<u>23</u>	<u>(7)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	3,124	-	3,124
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>60</u>	<u>(3,094)</u>	<u>23</u>	<u>3,117</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>60</u>	<u>(3,094)</u>	<u>23</u>	<u>3,117</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>3,094</u>	<u>3,094</u>	<u>3,094</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 3,154</u>	<u>\$ -</u>	<u>\$ 3,117</u>	<u>\$ 3,117</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	600	275	265	(10)
Other income	10,000	17,306	2,485	(14,821)
<b>TOTAL REVENUES</b>	<u>10,600</u>	<u>17,581</u>	<u>2,750</u>	<u>(14,831)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	8,500	24,519	20,061	4,458
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>8,500</u>	<u>24,519</u>	<u>20,061</u>	<u>4,458</u>
	-			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,100</u>	<u>(6,938)</u>	<u>(17,311)</u>	<u>(10,373)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>2,100</u>	<u>(6,938)</u>	<u>(17,311)</u>	<u>(10,373)</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>35,948</u>	<u>35,948</u>	<u>35,948</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 38,048</u>	<u>\$ 29,010</u>	<u>\$ 18,637</u>	<u>\$ (10,373)</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	-	13,500	9,590	(3,910)
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>13,500</u>	<u>9,590</u>	<u>(3,910)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,110,840	-	3,909	(3,909)
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,110,840</u>	<u>-</u>	<u>3,909</u>	<u>(3,909)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,110,840)</u>	<u>13,500</u>	<u>5,681</u>	<u>(7,819)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,110,840)</u>	<u>13,500</u>	<u>5,681</u>	<u>(7,819)</u>
<b>FUND BALANCE - October 1</b>	<u>1,110,377</u>	<u>1,110,377</u>	<u>1,110,377</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ (463)</u>	<u>\$ 1,123,877</u>	<u>\$ 1,116,058</u>	<u>\$ (7,819)</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	32,000	22,000	14,288	(7,712)
Other income	36,000	27,500	32,578	5,078
<b>TOTAL REVENUES</b>	<u>68,000</u>	<u>49,500</u>	<u>46,866</u>	<u>(2,634)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>68,000</u>	<u>49,500</u>	<u>46,866</u>	<u>(2,634)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	(32,000)	(32,000)	(32,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	36,000	17,500	14,866	(2,634)
<b>FUND BALANCE -OCTOBER 1</b>	<u>1,630,284</u>	<u>1,630,284</u>	<u>1,630,284</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 1,666,284</u>	<u>\$ 1,647,784</u>	<u>\$ 1,645,150</u>	<u>\$ (2,634)</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, 2020**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income	200	60	98	38
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>200</u>	<u>60</u>	<u>98</u>	<u>38</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>200</u>	<u>140</u>	<u>-</u>	<u>140</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(80)</u>	<u>98</u>	<u>178</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>-</u>	<u>(80)</u>	<u>98</u>	<u>178</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>11,225</u>	<u>11,225</u>	<u>11,225</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 11,225</u>	<u>\$ 11,145</u>	<u>\$ 11,323</u>	<u>\$ 178</u>



## Compliance Reports



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

To the City Council  
City of Gainesville, Texas  
Gainesville, TX 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, business-type activities, each major fund, and the aggregate remaining fund information of City of Gainesville, Texas as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise City of Gainesville, Texas's basic financial statements, and have issued our report thereon dated February 27, 2021.

**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.

Schalk & Smith, P.C.  
Gainesville, TX  
February 27, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
City of Gainesville, Texas  
Gainesville, TX

**Report on Compliance for Each Major Federal Program**

We have audited City of Gainesville, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Gainesville, Texas's major federal programs for the year ended September 30, 2020. City of Gainesville, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over

compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of City of Gainesville, Texas as of and for the year ended September 30, 2020, and have issued our report thereon dated February 27, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Schalk & Smith, P.C.  
Gainesville, TX  
February 27, 2021

**CITY OF GAINESVILLE, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Section I Summary of the Auditor's Results**

- The type of report issued on the financial statements of the City of Gainesville, Texas was an unmodified opinion.
- With respect to internal control over financial reporting we identified no material weaknesses and we reported no significant deficiencies.
- We noted no noncompliance material to the financial statements.
- With respect to internal control over major federal programs we identified no material weaknesses and we reported no significant deficiencies.
- The type of report we issued on compliance for major programs was an unmodified opinion.
- We disclosed no audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).
- We identified the following major programs:  
Coronavirus Relief Fund CFDA #21.019
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- The auditee does not qualify as a low-risk auditee.

**Section II Financial Statement Findings- NONE**

**Section III Federal Award Findings & Questioned Costs NONE**

**Section IV Other Findings Which are Required to be Reported in Accordance with  
*Government Auditing Standards* NONE**

**CITY OF GAINESVILLE, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

N/A

**CITY OF GAINESVILLE, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED September 30, 2020**

N/A



Federal Awards Section

**CITY OF GAINESVILLE, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2020**

<b>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>GRANTOR NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>Department of Homeland Security</b>			
<u>Pass Through From:</u>			
Texas Department of Emergency Management Disaster Grants	97.036	4223DRTX000001	\$ 8,726
Emergency Management Performance Grant	97.044	EMT-2019-EP000005	3,712
Emergency Management Performance Grant	97.044	EMT-2020-EP000004	27,532
Subtotal			<u>31,244</u>
<b>Total Department of Homeland Security</b>			<u>39,970</u>
<b>United States Department of Justice</b>			
<u>Pass Through From:</u>			
Office of the Governor Coronavirus Emer Suppl Funding	16.034	CV 4143601	17,756
Governors Criminal Justice Division Bulletproof Vest Partnership Program	16.607	unknown	2,086
<b>Total United States Department of Justice</b>			<u>19,842</u>
<b>Department of Transportation</b>			
<u>Pass Through From:</u>			
Texas Department of Transportation Airport Improvement Program	20.106	1803GAINS	50,000
<b>Department of the Treasury</b>			
<u>Pass Through From:</u>			
Texas Department of Emergency Management Coronavirus Relief Fund	21.019	unknown	893,964
Texas Department of Transportation Coronavirus Relief Fund	21.019	unknown	69,000
<b>Total Department of the Treasury</b>			<u>962,964</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,072,776</u>

**CITY OF GAINESVILLE, TEXAS**  
**NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2020**

The expenditures included in the Schedule of Expenditures of Federal Awards are reported for the City's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds that have been expended by the City for the purposes of the award.

The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Compliance Supplement, Part 3, Section H, Period of Availability of Federal Funds.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net Investment in										
capital assets	\$ (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	\$ 20,790,472
Restricted	1,272,802	1,327,746	1,374,067	1,420,639	7,696,601	12,206,817	8,844,766	7,055,924	6,433,394	7,638,788
Unrestricted	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	6,120,595
Total governmental activities net position	\$ 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	\$ 34,549,855
Business-type activities										
Net Investment in										
capital assets	\$ 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	\$ 26,970,707
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	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	6,761,831
Total business-type activities net position	\$ 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	\$ 33,732,538
Primary government										
Net Investment in										
capital assets	\$ 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	\$ 47,761,179
Restricted for Permanent Endowment	1,241,202	1,327,746	1,374,067	1,420,639	0	0	0	0	0	0
Restricted	0	0	0	0	6,257,929	12,206,817	8,844,766	7,055,924	6,433,394	7,638,788
Unrestricted	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	12,882,426
Total primary government net position	\$ 22,875,217	\$ 29,634,930	\$ 34,580,598	\$ 47,469,037	\$ 44,747,396	\$ 49,756,748	\$ 54,251,983	\$ 58,887,639	\$ 62,490,237	\$ 68,282,393

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

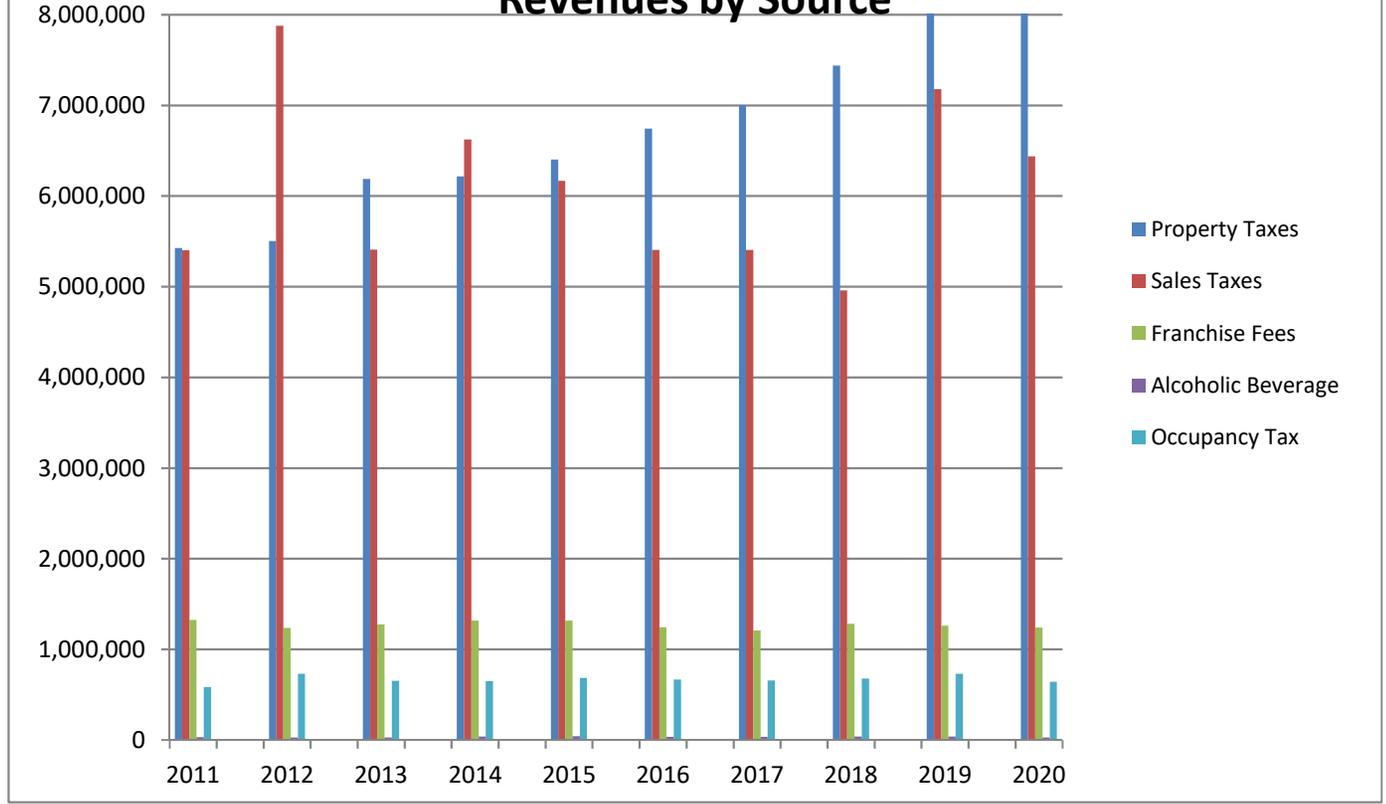
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities:										
General Government	\$2,043,290	\$2,041,635	\$2,036,650	\$2,301,376	\$2,134,433	\$2,057,544	\$2,007,940	\$2,034,864	\$3,550,161	\$2,191,967
Community Development	347,571	375,589	488,974	499,803	474,022	460,691	501,330	564,677	606,461	518,099
Finance	400,922	406,189	462,758	404,366	424,733	453,957	457,878	473,764	570,144	537,711
Public Safety	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	10,475,290
General/Public Services	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	4,323,539
Bond Issuance Cost	0	0	0	79,487	0	0	0	60,538	0	0
Interest on Long-Term Debt	808,937	674,442	703,793	544,840	609,610	672,462	564,734	537,896	560,955	408,132
<b>Total Governmental Activities Expenditures</b>	<b>14,696,111</b>	<b>14,535,977</b>	<b>15,372,637</b>	<b>15,823,860</b>	<b>15,903,387</b>	<b>16,875,516</b>	<b>16,863,741</b>	<b>17,291,536</b>	<b>20,748,171</b>	<b>18,454,738</b>
Business-Type Activities:										
Water and Sewer	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	6,271,635
Municipal Airport	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	1,318,696
Golf Course	558,961	424,216	387,220	390,556	380,340	351,975	298,029	320,271	389,876	340,433
Stormwater	194,267	226,363	261,470	373,440	397,236	401,177	595,174	547,183	695,052	782,941
Solid Waste	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	3,187,700
<b>Total Business-Type Activities Expenses</b>	<b>10,299,152</b>	<b>10,394,812</b>	<b>10,074,244</b>	<b>11,326,965</b>	<b>10,479,633</b>	<b>10,553,320</b>	<b>10,858,055</b>	<b>11,201,059</b>	<b>11,992,801</b>	<b>11,901,405</b>
<b>Total Primary Government Expenditures</b>	<b>\$24,995,263</b>	<b>\$24,930,789</b>	<b>\$25,446,881</b>	<b>\$27,150,825</b>	<b>\$26,383,020</b>	<b>\$27,428,836</b>	<b>\$27,721,796</b>	<b>\$28,492,595</b>	<b>\$32,740,972</b>	<b>\$30,356,143</b>
<b>Program Revenues</b>										
Governmental Activities:										
Fines, Fees, Charges for Services										
General Government	\$0	\$40,808	\$32,159	\$0	\$22,331	\$28,075	\$27,688	\$12,979	\$25,719	\$23,534
Community Development	481,946	546,688	560,554	691,640	665,918	272,729	837,926	948,033	837,068	752,412
Public Safety	471,929	361,494	123,184	272,044	375,469	578,735	514,831	649,699	682,857	400,149
General/Public Services	518,943	533,552	605,285	675,361	423,529	1,059,423	663,665	680,291	636,234	542,778
Operating Grants and Contributions	268,736	259,748	409,629	260,794	50,600	325,203	91,970	398,314	79,290	951,549
<b>Total Governmental Activities Program Revenues</b>	<b>1,741,554</b>	<b>1,742,290</b>	<b>1,730,811</b>	<b>1,899,839</b>	<b>1,537,847</b>	<b>2,264,165</b>	<b>2,136,080</b>	<b>2,689,316</b>	<b>2,261,168</b>	<b>2,670,422</b>
<b>Program Revenues (continued)</b>										
Business-Type Activities:										
Fines, Fees, Charges for Services										
Water and Sewer	\$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	\$8,286,736
Municipal Airport	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	1,163,360
Golf Course	270,195	76,110	172,214	193,863	141,525	140,044	176,643	211,126	159,047	186,486
Stormwater	949,795	952,558	1,003,269	1,002,231	1,003,379	990,405	936,628	922,233	917,858	959,519
Solid Waste	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	4,579,108

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Grants and Contributions	377,385	276,940	0	472,676	86,996	117,941	34,722	21,448	28,941	127,726
Total Business-Type Activities Program Revenues	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	15,302,935
Total Primary Government Program Revenues	\$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	\$17,973,357
<b>Net (Expenses)/Revenue</b>										
Governmental Activities	(\$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)	(\$15,784,316)
Business-Type Activities	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	3,401,530
Total Primary Government	(\$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)	(\$12,382,786)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	\$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	\$8,414,308
Sales Taxes	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	6,437,327
Other Taxes & Fees	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	1,908,432
Investment Income	32,797	25,372	28,797	11,821	18,749	79,942	179,997	409,811	607,236	208,834
Miscellaneous	1,322,069	476,078	476,078	1,459,148	359,767	966,743	387,875	61,116	486,194	323,442
Transfers In (Out)	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	1,635,101
Total Government Activities	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	18,927,444
Business-Type Activities:										
Investment Income	4,462	4,832	6,778	5,795	11,927	52,415	92,919	165,413	252,792	100,582
Miscellaneous	10,000	0	998,514	7,699,845	0	50,217	1,076,731	470,115	177,385	778,550
Transfers In (Out)	(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)	(1,635,101)
Total Business-Type Activities	(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)	(755,969)
Total Primary Government	\$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	\$18,171,475
<b>Change in Net Position</b>										
Governmental Activities	\$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	\$3,143,128
Business-Type Activities	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	2,645,561
Total Primary Government	\$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	\$5,788,689

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Franchise Fees</b>	<b>Alcoholic Beverage Taxes</b>	<b>Occupancy Tax</b>	<b>Total</b>
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
2020	\$ 8,414,308	\$ 6,437,327	\$ 1,239,937	\$ 28,073	\$ 640,422	\$ 16,760,067

## Governmental Activities Tax and Franchise Fee Revenues by Source



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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Ad Valorem Taxes	\$ 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	\$ 8,423,937
Sales Taxes	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	6,437,327
Other Local Taxes/Fees	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	1,908,432
Service Charges	796,144	835,854	896,422	1,091,780	846,746	1,059,423	1,077,957	1,096,726	1,050,566	815,073
License & Permits	204,745	285,195	269,957	275,221	265,032	300,804	451,322	544,577	448,455	503,651
Fines & Forfeitures	367,930	371,319	301,256	394,361	382,478	530,929	411,158	517,495	589,622	348,094
Interest from Investments	32,797	25,370	26,220	11,821	18,753	65,078	179,997	409,808	607,236	208,834
Intergovernmental Revenues	268,736	259,748	409,629	260,794	50,600	325,203	91,970	398,314	79,290	951,549
Other Income	1,322,070	485,357	1,441,807	1,315,154	389,004	981,607	462,327	434,285	486,194	326,908
<b>Total Revenues</b>	<b>\$ 15,798,897</b>	<b>\$ 17,640,396</b>	<b>\$ 16,909,835</b>	<b>\$ 18,201,641</b>	<b>\$ 16,578,587</b>	<b>\$ 17,302,082</b>	<b>\$ 16,991,599</b>	<b>\$ 17,772,123</b>	<b>\$ 20,632,057</b>	<b>\$ 19,923,805</b>
<b>Expenditures</b>										
General Government	\$ 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	\$ 1,966,248
Community Development	313,163	333,267	439,962	440,433	417,969	442,832	492,433	559,483	571,592	501,866
Finance	399,691	401,010	445,875	418,602	428,260	443,431	455,004	479,609	534,994	521,355
Public Safety	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	9,537,007
Public Works	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	3,307,585
Non-Departmental	202,193	0	0	0	0	0	0	0	808	0
Capital Outlay	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	1,967,291
Debt Service:										
Principal	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	1,452,313
Interest	774,173	656,586	741,728	561,934	603,212	531,118	724,489	518,138	606,292	399,324
Bond Issuance Cost	0	70,812	0	79,487	0	0	0	43,791	0	24,954
<b>Total Expenditures</b>	<b>\$ 19,022,847</b>	<b>\$ 17,780,878</b>	<b>\$ 22,122,277</b>	<b>\$ 19,785,327</b>	<b>\$ 19,906,473</b>	<b>\$ 19,272,727</b>	<b>\$ 21,173,934</b>	<b>\$ 22,831,793</b>	<b>\$ 26,228,874</b>	<b>\$ 19,677,943</b>
Excess of revenues over(under) expenditures	(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)	245,862

**City of Gainesville, Texas  
Ten Largest Employers  
Fiscal Year 2020 and 2011**

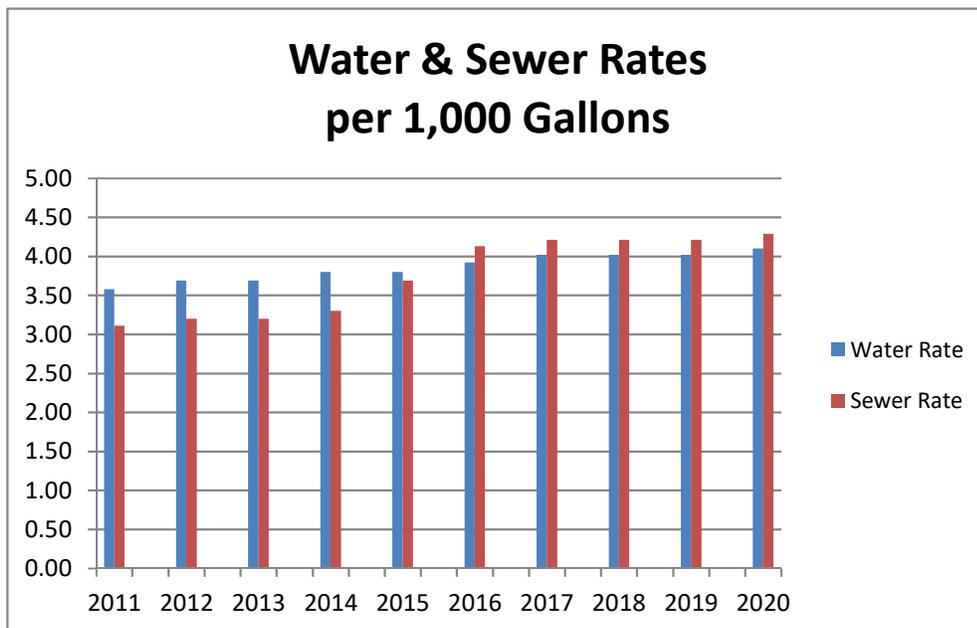
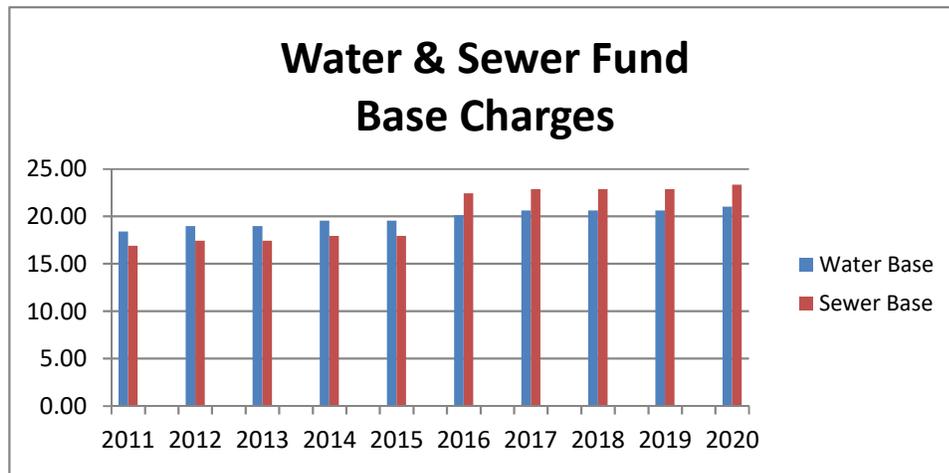
<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Number of Employees FTE</b>	<b>Rank</b>	<b>Percent of Total County Employment</b>	<b>Number of Employees FTE</b>	<b>Rank</b>	<b>Percent of Total County Employment</b>
WinStar Casino	3500	1	21.21%	3000	1	14.06%
Safran (formerly Zodiac/Weber)	1320	3	8.00%	1600	2	7.50%
Alan Ritchey	1608	2	9.75%			0.00%
WalMart	300	5	1.82%	427	4	2.00%
Gainesville ISD	431	4	2.61%	380	7	1.78%
Gainesville State School	258	9	1.56%	387	5	1.81%
NTMC	280	6	1.70%	372	8	1.74%
Cooke County	260	8	1.58%	265	9	1.24%
City of Gainesville	270	7	1.64%	223	10	1.05%
Home Depot	200	10	1.21%	600	3	2.81%
Complete Energy				385	6	1.80%
Totals	8427		51.07%	7639		35.81%
Total in Gainesville	16500		100.00%	21332		100.00%

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Other financing Sources (Uses):</b>										
Proceeds from Bond Issues	0	3,129,660	0	5,095,637	0	7,715,806	0	6,068,745	634,383	1,338,750
Payment to Bond Escrow Agent	0	0	0	0	0	(3,210,454)	0	(1,778,240)	0	(1,336,293)
Premium on Debt Issuance	0	0	0	0	0	519,819	0	0	0	0
Funds transferred In	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	8,127,624
Funds transferred out	(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)	(6,492,523)
Total Other Financing Sources(Uses)	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	1,637,558
Net Change in Fund Balances	(\$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)	\$1,883,420
Debt Service as a percentage of										
Noncapital Expenditures	12.51%	12.76%	13.84%	12.23%	12.77%	11.54%	12.59%	12.08%	10.73%	10.45%

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

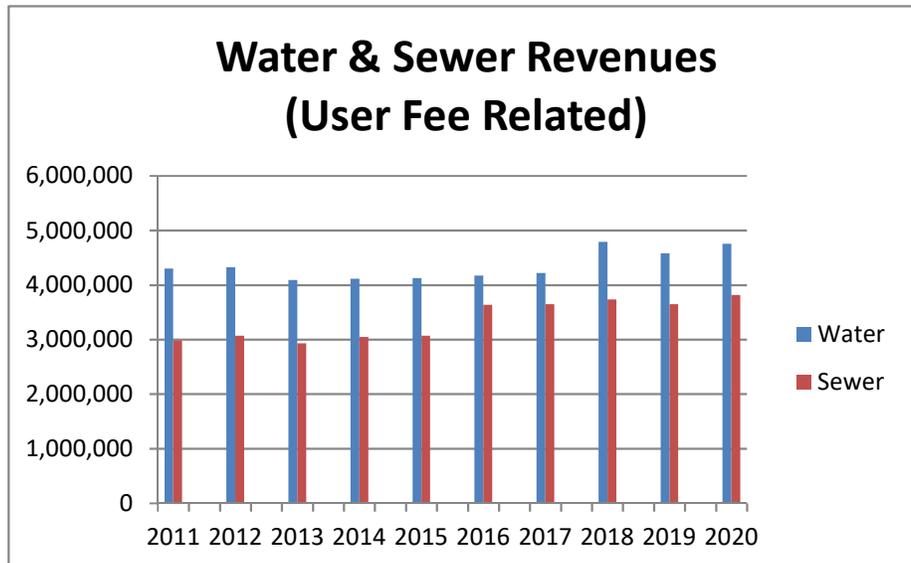
<b>Fiscal Year</b>	<b>Water Base</b> (per month)	<b>Water Rate</b> (per 1000 gals)	<b>Sewer Base</b> (per month)	<b>Sewer Rate</b> (per 1000 gals)
2011	18.41	3.58	16.91	3.11
2012	18.96	3.69	17.42	3.20
2013	18.96	3.69	17.42	3.20
2014	19.53	3.80	17.94	3.30
2015	19.53	3.80	17.94	3.69
2016	20.12	3.92	22.43	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
2020	\$21.03	\$4.10	\$23.34	\$4.29

Source: City of Gainesville Customer Service



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

<b>Fiscal Year</b>	<b>Water Related Revenues</b>	<b>Sewer Related Revenues</b>	<b>Total</b>
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
2020	\$4,757,523	\$3,818,149	\$8,575,672



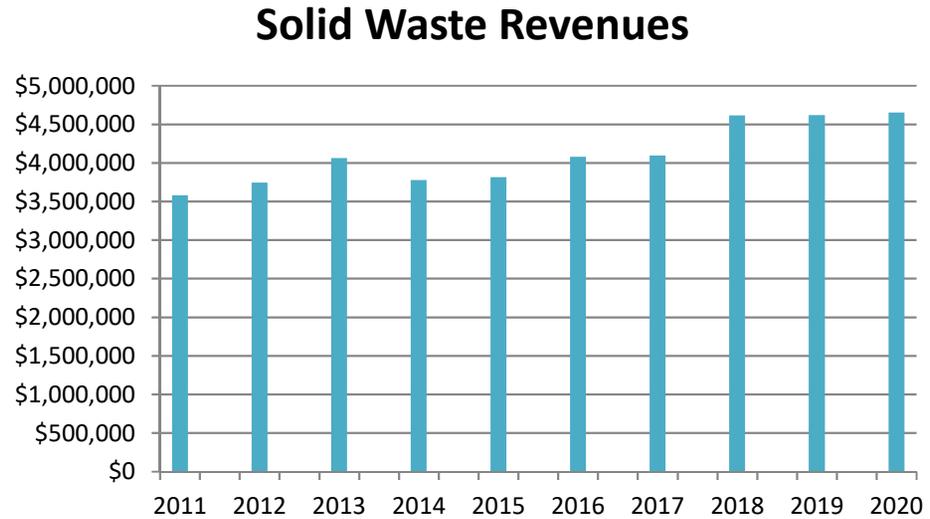
**City of Gainesville, Texas  
Ten Largest Consumers of Water  
Current Year and Nine Years Ago**

<b>Customer</b>	<b>2020</b>		<b>2011</b>	
	<b>Total Consumption For Customer (in gallons)</b>	<b>Rank</b>	<b>Total Consumption For Customer (in gallons)</b>	<b>Rank</b>
Safran Seats USA	10,671,470	1	17,469,720	1
Frank Buck Zoo	10,277,500	2	8,633,200	4
Bella Vista Apartments	7,980,200	3	13,109,000	2
Lexington Square Apartments	6,141,000	4		
The Liberty Apartments	5,815,200	5		
Real Income Partners	5,411,250	6		
Cooke County Justice Center	5,076,820	7		
Pecan Tree Rehab & Health Center	4,712,200	8	6,551,000	8
Wal-Mart Stores	4,327,210	9		
Gainesville Nursing & Rehab	3,613,000	10		
Gainesville State School			10,531,000	3
Woodglen Apartments			3,658,700	9
Polypipe, Inc.			6,696,700	6
North Central Texas College			6,756,600	5
Molded Fiberglass			6,576,600	7
Days Inn			3,107,300	10
Total Water Consumption	<b>64,025,850</b>		<b>83,089,820</b>	

Source: City of Gainesville Customer Service

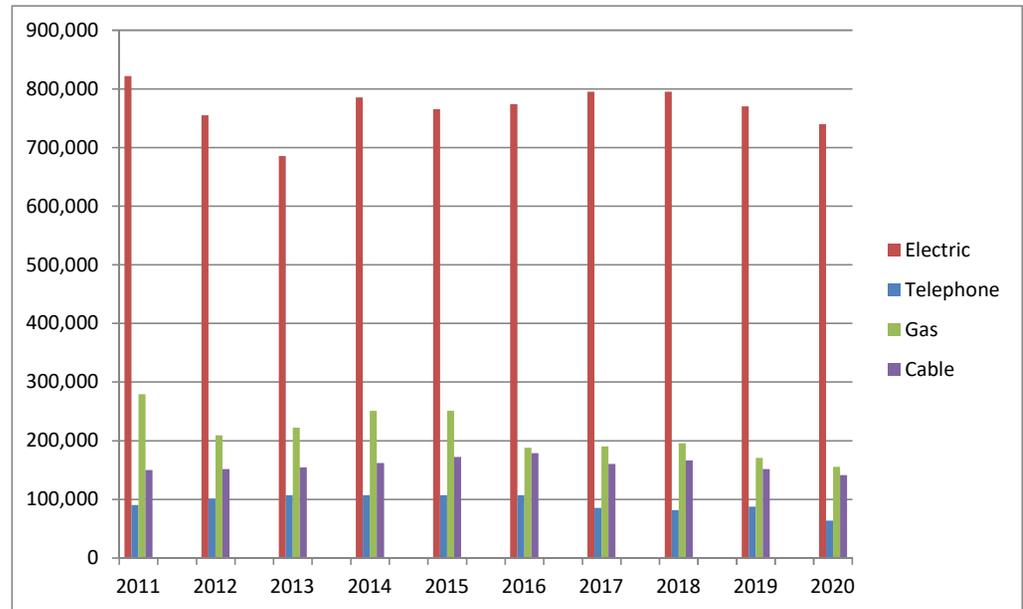
**City of Gainesville, Texas  
Solid Waste Fund Revenues  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Charges for Service Revenues</b>
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
2020	\$4,652,099



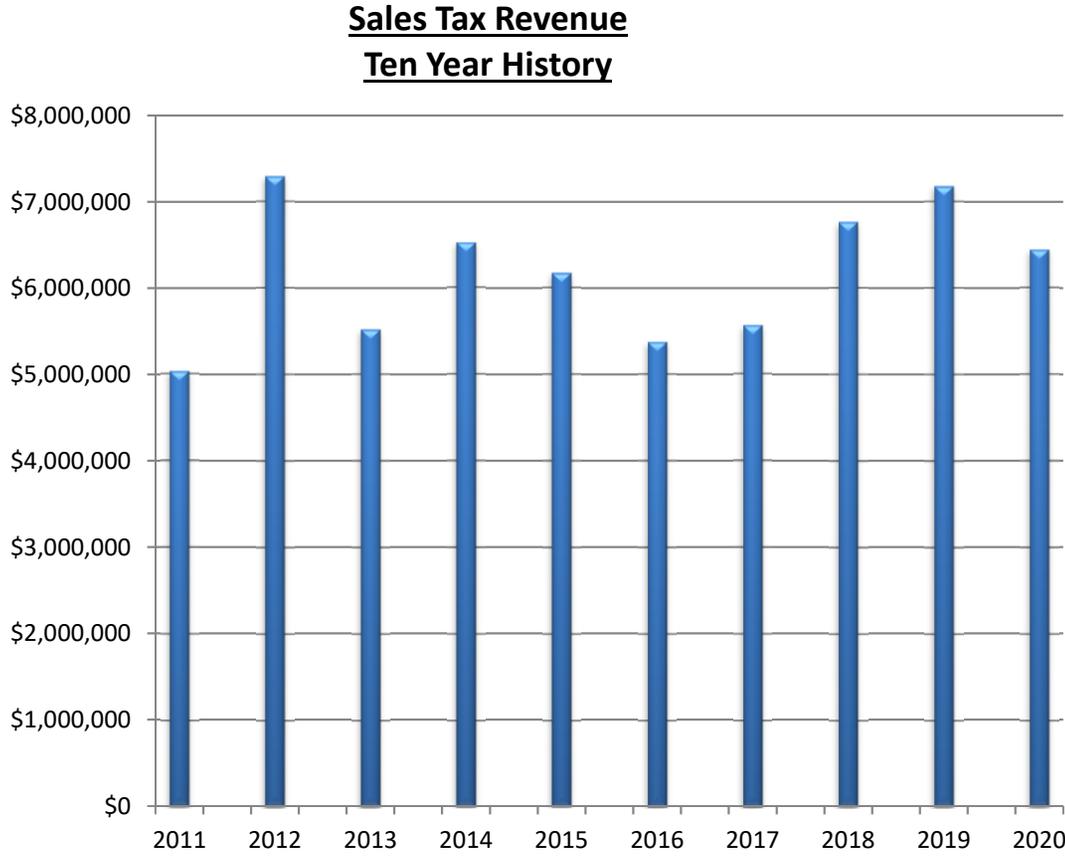
**City of Gainesville, Texas  
Franchise Fees  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Electric</b>	<b>Telephone</b>	<b>Gas</b>	<b>Cable</b>
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
2020	\$802,532	37,969	174,075	\$129,625



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

<u>Fiscal Year</u>	<u>Sales Tax Revenue</u>
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
2020	\$6,437,327



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

<b>Fiscal Year</b>	<b>State of Texas</b>	<b>Cooke County</b>	<b>City of Gainesville</b>	<b>Gainesville Economic Development</b>	<b>Totals</b>
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%
2020	6.25%	0.50%	1.25%	0.25%	8.25%

Source: Texas State Comptroller's Office

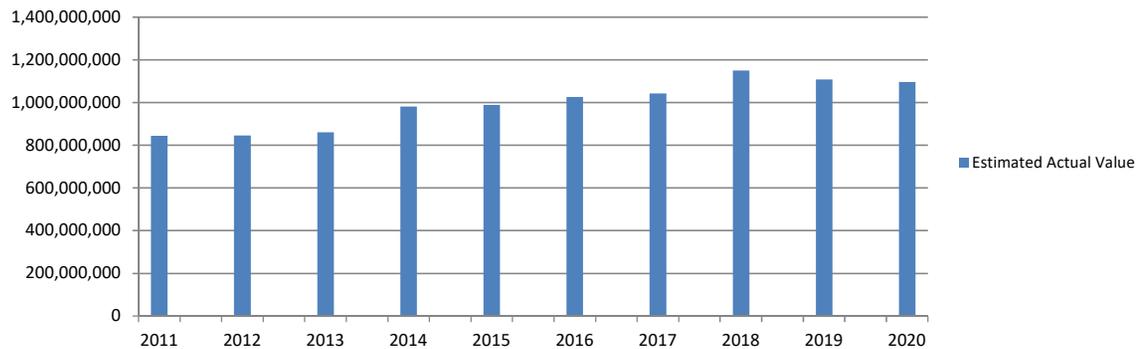
**Assessed and Estimated Actual Value of Property (1)  
Last Ten Fiscal Years**

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		
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 <sup>(2)</sup>	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	0.705030	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	0.696290	100.0%
2020	\$ 1,147,882,640	\$ 1,147,882,640	\$ 394,280,334	\$ 394,280,334	\$ 445,429,209	\$ 1,096,733,765	\$ 1,096,733,765	0.696290	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	
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	0.44508	0.20092	0.64600	0.34130	0.02060	0.36190	1.04000	0.29432	1.33432	1.15050	0.09940	1.24990	3.59212
2013	0.43236	0.21464	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	0.24274	0.68782	0.34940	0.02050	0.36990	1.04000	0.25000	1.29000	1.14440	0.09830	1.24270	3.59042
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	0.43290	0.27213	0.70503	0.36520	0.01950	0.38470	1.04000	0.24000	1.28000	1.16660	0.14330	0.00000	2.36973
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
2020	0.47930	0.21700	0.69630	0.40530	0.01720	0.42250	1.02160	0.08000	1.10160	1.03920	0.02500	1.06420	3.28460

(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	2020		2020		2011		2011	
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Well Services Division of STC	\$ 21,369,582	1	14.28%		28,111,030	1	19.48%	
Safran Seats (fmly Weber Aircraft)	21,094,157	2	14.10%		25,311,707	2	17.54%	
Duraline Polypipe	11,723,837	8	7.83%		9,256,764	7	6.41%	
Building Materials of America	15,049,611	5	10.06%		13,618,452	5	9.44%	
Walmart	16,492,986	4	11.02%		17,713,898	3	12.28%	
Oncor Electric	12,073,506	7	8.07%		7,877,280	8	5.46%	
Spn Well Services (Texas)	18,269,640	3	12.21%					
Trident Process Systems	9,981,848	10	6.67%					
Suddenlink Communications	12,551,864	6	8.39%					
Klement Karl Properties	11,031,611	9	7.37%		7,500,063	9	5.20%	
Boeing					15,647,171	4	10.84%	
B29 Investiments P & Etal					12,602,453	6	8.73%	
PPG Industries					6,662,224	10	4.62%	
Total Assessed Valuation	\$ 149,638,642		100.00%	\$	144,301,042		100.00%	

Source: Cooke County Appraisal District

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections (2)</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes (1)</b>	<b>Delinquent Taxes to Total Tax Levy</b>
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%
2020	\$ 8,552,119	\$ 6,106,880	71.4%	\$ 44,049	6,150,929	71.9%	\$ 217,671	2.5%

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

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

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percent of Personal Income	Official Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Notes Payable	Prem/Disc Capital Leases	General Obligation Bonds	Certificates of Obligation Bonds	Notes Payable	Prem/Disc Capital Leases			
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
#	7,769,856 \$	4,384,698 \$	0 \$	1,200,006 \$	8,870,143 \$	16,570,301 \$	0 \$	970,833 \$	39,765,837	10.62%	2,410

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

<b>Fiscal Year</b>	<b>Official Population (1)</b>	<b>Total Assessed Value (2)</b>	<b>Net General Obligation Debt (3)</b>	<b>Less Debt Service Fund (4)</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
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	18,406,942	948,521	17,458,421	2.04%	1,091.01
2016	16,502	921,141,930	19,955,001	1,244,098	18,710,903	2.03%	1,133.86
2017	16,502	940,773,321	42,710,003	1,371,883	41,338,120	4.39%	2,505.04
2018	16,502	1,035,355,680	39,550,003	1,439,783	38,110,220	3.68%	2,309.43
2019	16,502	1,482,408,632	43,660,000	1,531,813	42,128,187	2.84%	\$ 2,552.91
2020	16,502	\$ 1,490,782,395	\$ 37,975,000	\$ 1,602,320	\$ 36,372,680	2.44%	2,204.14

- (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, 2020**

Jurisdiction	Total GO Debt Outstanding	Estimated Percent Applicable	Direct and Overlapping Funded Debt As of 9/30/20
<i>Direct Debt:</i>			
City of Gainesville	<u>\$13,354,560</u>	100.00%	<u>\$13,354,560</u>
Subtotal Direct Debt	<u>\$13,354,560</u>		<u>\$13,354,560</u>
<i>Overlapping Debt:</i>			
Cooke County	2,925,000	31.67%	926,348
Gainesville ISD	25,773,979	82.41%	21,240,336
Lindsey ISD	0	54.07%	0
Gainesville Hospital District	38,865,000	37.47%	14,562,716
North Central Texas Community College	<u>10,955,000</u>	29.54%	<u>3,236,107</u>
Subtotal Overlapping Debt	<u>78,518,979</u>		<u>39,965,506</u>
<b>Total Direct and Overlapping Debt</b>	<b><u><u>\$91,873,539</u></u></b>		<b><u><u>\$53,320,066</u></u></b>

Ratio of direct and overlapping bonded

debt to taxable assessed valuation

6.28%

Per capita direct and overlapping bonded debt

\$3,231.13

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

Source: First Southwest Company

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$11,787	\$12,369	\$9,520	\$13,975	\$12,765	\$16,054	\$14,813	\$13,523	\$10,065	\$10,065
Total Net Debt Applicable to Limit	844	1,023	1,025	1,064	949	1,244	1,372	1,446	1,532	1,852
Legal Debt Margin	(\$5,572)	(\$5,602)	(\$2,096)	(\$3,325)	(\$1,910)	(\$1,912)	(\$142)	(\$1,287)	\$2,098	\$2,247
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.16%	8.27%	10.76%	7.61%	7.43%	7.75%	9.26%	10.69%	15.22%	18.40%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Assessed value	\$1,490,782
Add back: exempt real property	394,039
Total assessed value	<u>1,096,743.00</u>
Debt limit (\$1.50 to total assessed value)	1,852
Debt applicable to limit:	
General Obligation bonds	0
Less: Amount set aside for repayment of GO debt	10,065
Tax Certificates of Obligations w/Revenue Pledge	-10,065
Total net debt applicable to limit	
Legal Debt Margin	\$11,917

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

**City of Gainesville, Texas  
Revenue Bond Coverage  
Water and Sewer Fund  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
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	8,227,772	4,805,130	3,422,642	0	0	0	N/A
2020	\$ 8,286,736	4,697,223	3,589,513	\$ 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	Median Age (4)	School Enrollment (3)	Education Percent High School & Up (4)	Unemployment Rate (2)
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%
2020	16,886		20,574	38			

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

**City of Gainesville, Texas  
Ten Largest Employers  
Fiscal Year 2020 and 2011**

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Number of Employees FTE</b>	<b>Rank</b>	<b>Percent of Total County Employment</b>	<b>Number of Employees FTE</b>	<b>Rank</b>	<b>Percent of Total County Employment</b>
WinStar Casino	3500	1	30.43%	2000	1	30.00%
Zodiac (formerly Weber Aircraft)	1320	2	11.48%	1300	2	19.50%
Alan Ritchey, Inc.	480	4	4.17%	352	6	5.28%
WalMart	350	6	3.04%	420	5	6.30%
Gainesville ISD	431	5	3.75%	442	4	6.63%
Gainesville State School	258	9	2.24%	323	7	4.84%
NTMC	815	3	7.09%	270	8	4.05%
Cooke County	260	8	2.26%	260	10	3.90%
City of Gainesville	270	7	2.35%	270	9	4.05%
ORTEQ Energy Technology	160	10	1.39%	600	3	9.00%
Totals	7844		68.21%	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**

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Administration	3	3	3	3	3	3	3	3	3	3
Information Technology	0	0	0	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	5	4	4
Civic Center	2	2	2	2	2	2	2	2	2	2
Community Development	5	5	3	5	5	5	5	5	6	6
Finance	4	4	4	4	4	4	4	4	4	4
Economic Development	4	4	5	5	5	5	5	5	5	5
Police	53	53	53	55	55	55	55	56	56	56
Fire	42	42	42	42	42	42	42	42	42	42
Streets	7	8	7	7	7	7	7	7	7	7
Garage	4	4	4	4	4	4	4	4	4	4
Parks	15	15	15	17	17	17	17	17	17	17
Frank Buck Zoo	14	14	14	15	15	15	15	15	16	16
Cemetery	5	5	5	5	5	5	5	5	5	5
Golf Course	8	8	7	7	7	8	8	7	6	6
Water	21	21	20	21	21	21	21	21	20	20
Wastewater	18	18	17	17	17	17	17	17	17	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	12	13	13	13	13	13	13	13
Solid Waste - Disposal	3	3	2	2	2	2	2	2	2	2
<b>Total</b>	<b>232</b>	<b>233</b>	<b>227</b>	<b>237</b>	<b>237</b>	<b>238</b>	<b>238</b>	<b>238</b>	<b>237</b>	<b>233</b>

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Police</b>										
Calls for Service	30,306	27,907	25,308	27,626	31,179	34,008	33,171	31,440	29,640	27,445
Arrests	951	951	1,000	991	1,097	1,357	1,212	1,289	1,067	798
<b>Municipal Court</b>										
Cases Filed	6,328	5,061	3,472	4,091	5,000	6,612	5,447	6,293	6,522	3,941
Cases Disposed	5,854	5,035	3,506	4,580	5,000	2,442	5,648	5,493	6,399	3,354
Class C Warrants Filed	2,007	1,466	1,413	1,789	1,000	1,854	1,617	2,252	2,762	1,280
Juvenile Cases Filed	225	316	320	175	175	146	117	217	134	164
<b>Fire</b>										
Number of calls	958	793	780	874	954	2,461	2,670	3,111	3,124	3,302
Number of fires	195	154	175	174	240	143	169	286	145	170
Rescue/EMS incidents	224	185	175	200	210	1,544	1,829	1,825	1,908	2,050
<b>Streets</b>										
Potholes Patched	6,167	6,509	7,941	5,751	7,529	4,608	2,701	3,374	4,461	4,491
Storm drains cleaned	126	135	318	122	137	126	93	122	446	604
Miles of streets swept	613	447	860	1,098	864	690	1,595	868	900	703
<b>Golf Course</b>										
Rounds of golf	10,739	5,001	7,583	7,853	9,100	7,435	9,216	10,331	8,565	9,142
<b>Community Development</b>										
Building Permits	1,069	1,156	1,156	1,156	900	977	1,007	1,060	836	1,338
Value of Building Projects (in thousands)	6,170	15,604	15,604	15,604	15,604	20,046	62,013	52,726	108,564	16,642
Number of Inspections	1,590	1,950	1,950	1,950	1,069	1,258	1,332	826	1,304	1,446
<b>Finance</b>										
Number of invoices paid	6,723	6,833	8,019	7,284	6,985	7,372	6,700	7,528	6,700	5,736
Received CAFR award	Yes									
Received Budget Presentation award	Yes									
Number of Payroll checks prepared	6,154	5,839	5,880	6,214	6,063	6,062	6,176	5,936	6,175	6,213
<b>Water System</b>										
Number of water customers	6,065	6,121	6,166	6,182	6,200	6,074	6,109	6,116	7,363	7,475
New Connects	1,342	1,345	1,412	1,419	1,525	1,344	1,313	1,281	1,431	1,236
Daily average water consumption (mil gls)	2.0	2.4	2.4	2.4	2.10	2.10	2.10	2.10	2.10	2.30
Maximum daily pumping capacity (mil gls)	6.8	6.8	6.8	6.8	6.80	6.80	6.80	6.70	6.80	6.80
Maximum storage capacity (mil gls)	3.8	3.8	3.8	3.8	3.80	3.80	3.80	4.03	4.00	4.00
<b>Wastewater System</b>										
Number of wastewater customers	5,879	5,773	5,822	6,013	5,964	5,775	5,805	5,816	7,151	7,157
Daily average treatment(mil gls)	1.4	1.4	1.4	1.6	2.27	2.20	1.60	1.80	2.49	2.61
Maximum daily treatment capacity(mil gls)	4.1	4.1	4.1	4.1	4.14	10.00	4.14	4.14	4.14	4.14
<b>Airport</b>										
Gallons of aviation fuel pumped	248,265	236,813	216,735	260,944	265,306	311,236	323,952	334,975	334,670	359,090

Source: Various City departments.

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



Capital Assets  
Used in the Operation  
Of Governmental Funds

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	16	12	12	12	12	12	12	12	12	12
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Hydrants	968	825	825	825	825	825	825	825	881	913
Fire Vehicles	13	13	13	13	13	12	12	12	14	13
<b>Streets</b>										
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	1572	1573
<b>Parks &amp; Recreation</b>										
Number of Community/Civic Centers	2	2	2	2	2	2	2	2	2	2
Number of park areas	24	24	24	24	24	24	24	24	24	24
Park acreage	212	212	212	212	212	212	212	226	266	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
<b>Miles of water mains</b>	137.5	137.5	137.5	137.5	137.5	137.5	137.5	151	151	151
Number of Water Treatment Plants	1	1	1	1	1	1	2	1	1	1
<b>Wastewater System</b>										
Miles of wastewater mains	132	134	134	134	134	134	134	132	132	132
Miles of storm drainage mains	10	10	10	10	10	10	10	14	14	14
Number of Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Sanitation</b>										
Collection Trucks	12	12	12	12	12	13	5	5	9	10
Long Haul Trucks	4	4	4	4	4	4	4	4	3	3
Heavy Equipment Units	-	-	-	-	-	-	-	-	3	7
Vehicles	5	5	5	5	5	5	6	6	7	6
Carts	5891	5891	5857	5857	5857	5563	5353	5364	6736	6773
<b>Airport</b>										
Airport acreage										
Number of runways	1317	1317	1317	1317	1317	1297	1277	1277	1277	1277
Number of hangars	2	2	2	2	2	2	2	2	2	2
	6	6	6	6	6	6	6	6	6	6

Source: Various City Departments

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

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



Statistical Section



Governmental Funds  
Financial Statements



Fiduciary Fund  
Financial Statements