

# City of Gainesville, Texas



*Farmers Market Venue*



# Annual Comprehensive Financial Report

*Leonard Park Aquatic Center*



**Fiscal Year Ending  
September 30, 2021**

The cover depicts the heart and soul of Gainesville, Texas. There are multiple recreational, entertainment, and community events going on all year. The photo this year showcases our recently developed Farmers Market, a venue for daily food trucks, weekly entertainment, and an all year meeting spot, the City of Gainesville Municipal Airport, and our Leonard Park Aquatic Center.

The Gainesville, Texas Farmers Market has revitalized the northern portion of Downtown by replacing a pothole ridden parking lot and constructing a place for people to gather. Over 60 events were held at the Farmers Market in 2021 that brought in up to 3,000 people per event, including Fiesta Night held by the Gainesville Independent School District, the Gainesville Area Chamber of Commerce Summer Sounds Concert Series, the Annual Downtown Pumpkin Patch, concerts, markets, movie nights, and fundraisers.

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, provides fiscal responsibility, plans and develops improvements to the aerodrome, directs safety and security measures, and works with other City departments for the well-being of the City's residents and airport users.

This year the Airport was awarded the 2022 Texas General Aviation Airport of the Year.

Summertime is always a pleasure with the opening of the Leonard Park Aquatic Center. Located on the property next to the Frank Buck Zoo, the swimming pool is just one of the many activities located for people of all ages to enjoy.



**City of Gainesville, Texas**

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**

Prepared by  
Finance Department

Fiscal Year Ended

September 30, 2021



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Gainesville  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

Executive Director/CEO

City of Gainesville, Texas  
Comprehensive Annual Financial Report  
September 30, 2021

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## Introductory Section



March 25, 2021

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

The Annual Comprehensive Financial Report of the City of Gainesville (the “City”) for the fiscal year ended September 30, 2021, 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, 2021, 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 2020 U.S. Census, a population of 17,394. 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 Regions. The northern City limits are approximately one (1) mile from the Red River and Oklahoma border. The population service area of forty miles is in excess of 465,000 people. As a result, Gainesville is the largest employment center between 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 (3.7% Gainesville vs. 4.7% 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 2020-2021:

- The City continued its demolition program in Fiscal Year 2021 by demolishing twenty-nine (29) substandard structures. Thirteen (13) new construction permits were issued on previous residential infill lots.
- The City's Elm Fork Trinity River project was completed in the 2020-2021 fiscal year with a total asset cost of \$498,662.
- A project to expand and renovate the Solid Waste Fund's transfer station continued during Fiscal Year 2020-2021 with \$1,620,164 in total cumulative cost at year's end.
- The City continued its street and utility maintenance project (SUMP). A total of \$1,540,490 was expended for SUMP during Fiscal Year 2021.
- A project to construct the City's new Fire Station No. 3 was completed in the 2021 fiscal year at a cumulative cost of \$2,897,378.
- The City completed master plan studies (\$430,000) for its water system, sanitary sewer collection system, thoroughfare system, and sidewalk system in Fiscal Year 2021.

- The City also completed an impact fee study that will be implemented for reducing the cost of providing infrastructure to new residential and/or commercial development in the future.
- GrandWay Travel Center, located at 3590 North I-35, completed a new travel stop (\$3,000,000).
- Harbor Freight Tools remodeled and opened a previously closed retail space at 1008 Highway US-82 (\$220,000).
- Trident completed an expansion of their facility at 2300 North I-35 (\$1,728,000).
- Advanced Pedestals obtained a certificate of occupancy for its facility located at 2227 Foundry Road.
- GAF Materials Corporation began remodeling their existing facility, located at 1301 Corporate, and also expanding the facility by 400,000 square feet (over \$21 million).
- Refinery Road Veterinary Clinic is expanding their facility and adding a new small animal clinic adjacent to their location at 1913 Refinery Road (\$1,700,000).
- Agarwal Medical is planning a new office at 719 N. Grand Avenue (\$350,200).
- Sweet Jayne’s Bakeshop obtained a permit to construct a new location at 211 N. Weaver (\$600,000).
- Willowick Apartments, located at 1501 Newland Drive, completed a remodeling project (approximately \$2.5 million).
- Express Car Wash opened a new service location at 917 N. Grand Avenue (\$250,000).
- Taco Bueno remodeled and opened a previously closed restaurant space at 501 W. California (\$96,000).

## Ad Valorem Tax

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

### Allocation of Ad Valorem Taxes

The revenue to be received from current tax collections is distributed between the General Fund and Debt Service Fund according to the ratio for allocation that is set when the budget is adopted. Allocation of ad valorem tax revenues by purpose for fiscal year 2021 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	2021	2020	2019	2018	2017
General	0.495200	0.479290	0.496790	0.467740	0.432900
Debt Service	0.192300	0.217000	0.225750	0.254800	0.272130
Total	0.687500	0.696290	0.722540	0.722540	0.705030

For Fiscal Year 2021, the Total Assessed Taxable Value increased by \$8,073,763 or 0.54% 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 2021, Gainesville completed master plans for its water, sewer, drainage, and street systems. The City also completed a study on impact fees during FY 2021, which could be fully implemented in the 2022 fiscal year.

Gainesville examines its debt schedule annually to determine when it can issue debt for the succeeding 20 years without increasing the tax rate. Currently, the City can issue a total of \$42.27 million (FY 2022 - \$7.63 million, FY 2024 - \$2.34 million, FY 2026 - \$3.63 million, FY 2028 - \$3.74 million, FY 2030 - \$4.05 million, FY 2032 - \$2.54 million, FY 2034 - \$6.23 million, FY 2036 - \$5.92 million, and FY 2037 - \$6.19 million) in the next twenty years without increasing the tax rate to help reach its long-term goals. Additionally, in FY 2023, the City plans to issue \$7.45 million in bonds for water and sewer projects that will be funded from the City's Water and Sewer Fund. 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 2022-2026 were approved by the City Council and are included in the fiscal year 2022 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 \$52.73 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$11.92 million or 22.61% and non-recurring at \$40.81 million or 77.39%.

### **Financial Policies**

The City is required by ordinance to maintain a ninety (90) day reserve. At the close of fiscal year 2021, the City had a 185-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, 2020. This was the twenty-ninth (29<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 Annual Comprehensive 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 Annual Comprehensive 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 eleven 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 2022 budget document has been submitted, and we believe it meets the requirements to receive another award.

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

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

Sincerely,



Barry Sullivan  
City Manager

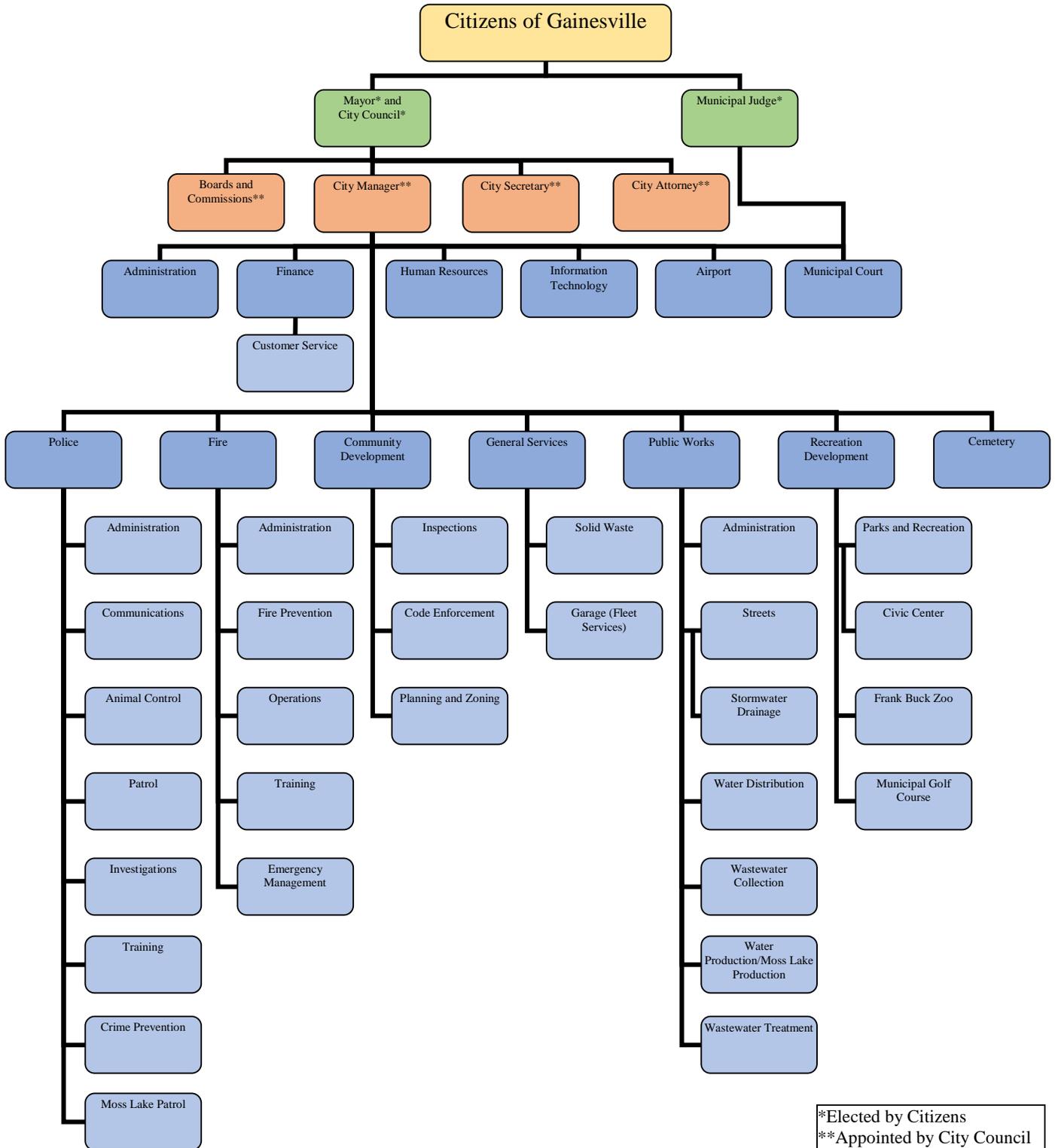


J.I. Johnson, CPA  
Finance Director



Karen F. Dixon, CPA  
Controller

# City of Gainesville, Texas Organizational Chart



\*Elected by Citizens  
\*\*Appointed by City Council

**CITY OF GAINESVILLE, TEXAS**  
**September 30, 2021**

**LIST OF PRINCIPAL OFFICIALS**

<b>Title</b>	<b>Name</b>
Mayor *	Tommy Moore
Council Member & Mayor Pro Tem*	Ken Keeler
Council Member*	Carolyn Hendricks
Council Member*	Brandon Eberhart
Council Member*	Michael Hill
Council Member*	Mary Jo Dollar
Council Member*	Martin Phillips
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



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**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 Texas (the City), as of and for the year ended September 30, 2021, 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 unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021 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.

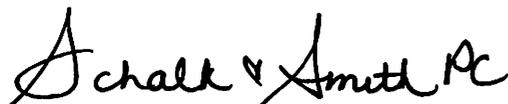
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's and the components unit'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 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 combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, 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  
March 10, 2022

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

**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, 2021. 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 \$76,018,741 (net position) (pg. 7 and 24). Of this amount, \$18,425,209 or 24.2% is unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$7,736,348 or 11.3% (pg. 8) from last fiscal year's net position. The governmental net position increased \$5,693,731 or 16.5%, and the business type activities increased \$2,042,617 or 6.1%.
- 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 2021 was \$9,186,996 (pg. 27) and of that amount \$8,268,194 is cash. This represents 185 days of operation. The City met its revised budget General Fund increase in fund balance of \$133,995 and transferred an excess amount of \$2,424,295 into the Assigned Projects Fund at year end.
- The City's total debt outstanding decreased by \$3,216,781 or 8.1% (pg. 18) during the current fiscal year.

**Overview of the Financial Statements**

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

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplemental information in addition to the basic financial statements themselves.

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

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

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

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

The government-wide financial statements include not only the City of Gainesville itself (known as the primary government), but also a legally separate economic development corporation, Gainesville Economic Development Corporation, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 24 through 26 of this report.

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

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

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

**Fund Financial Statements.** The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds* - Governmental funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable

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resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City reports twenty (20) individual governmental funds, two of which are permanent. Information is presented separately in the governmental funds' Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund 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 the 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

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progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information begins on page 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 Annual Comprehensive Financial Report (ACFR), 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, 2021 were \$124,328,735; deferred outflows of resources were \$1,986,980, total liabilities were \$48,935,093, and deferred inflows of resources were \$1,361,881, resulting in a net position balance of \$76,018,741 (pg. 7 and 24). This is a 11.3% increase from the prior fiscal year.

The City's total net position equals \$76,018,741. A portion of the net position, \$7,256,380 or 9.6% represents resources that are subject to restrictions on how they may be used (pg. 7 and 24). The restricted net position has decreased from the prior year by \$382,408 or 5.0%. This decrease was primarily due to construction in progress that was completed during the 2021 fiscal year. Capital assets (land, buildings, machinery, and equipment) net of related debt total \$50,337,152 or 66.2% of total net position. This represents an increase of \$2,575,973 or 5.4% compared to the prior year. The second largest portion of the City's net position, \$18,425,209 or 24.2% of net position reflects unrestricted net position, which may serve the ongoing desires of its citizens.

The following table reflects the condensed Statement of Net Position as of September 30, 2021 (page 24):

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**Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$27,385,882	\$23,145,827	\$10,509,441	\$10,165,525	\$37,895,323	\$33,311,352
Restricted Cash	1,802,237	2,962,539	2,910,952	3,655,843	4,713,189	6,618,382
Capital Assets	31,377,640	30,849,086	50,342,583	49,558,600	81,720,223	80,407,686
Total Assets	60,565,759	56,957,452	63,762,976	63,379,968	124,328,735	120,337,420
Deferred Outflow of Resources Related to Pensions, OPEB, and Loss of Refunding	1,494,925	1,407,421	492,055	478,806	1,986,980	1,886,227
Long-term Liabilities Outstanding	17,954,270	19,709,266	25,205,492	27,125,866	43,159,762	46,835,132
Other Liabilities	2,729,380	2,725,250	3,045,951	2,715,035	5,775,331	5,440,285
Total Liabilities	20,683,650	22,434,516	28,251,443	29,840,901	48,935,093	52,275,417
Deferred Inflows of Resources Related to Pensions	1,133,448	1,380,502	228,433	285,335	1,361,881	1,665,837
Net Investment in Capital Assets	21,542,140	20,790,472	28,795,012	26,970,707	50,337,152	47,761,179
Restricted	7,256,380	7,638,788	-	-	7,256,380	7,638,788
Unrestricted	11,445,066	6,120,595	6,980,143	6,761,831	18,425,209	12,882,426
Total Net Position	\$40,243,586	\$34,549,855	\$35,775,155	\$33,732,538	\$76,018,741	\$68,282,393

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**City of Gainesville, Texas**  
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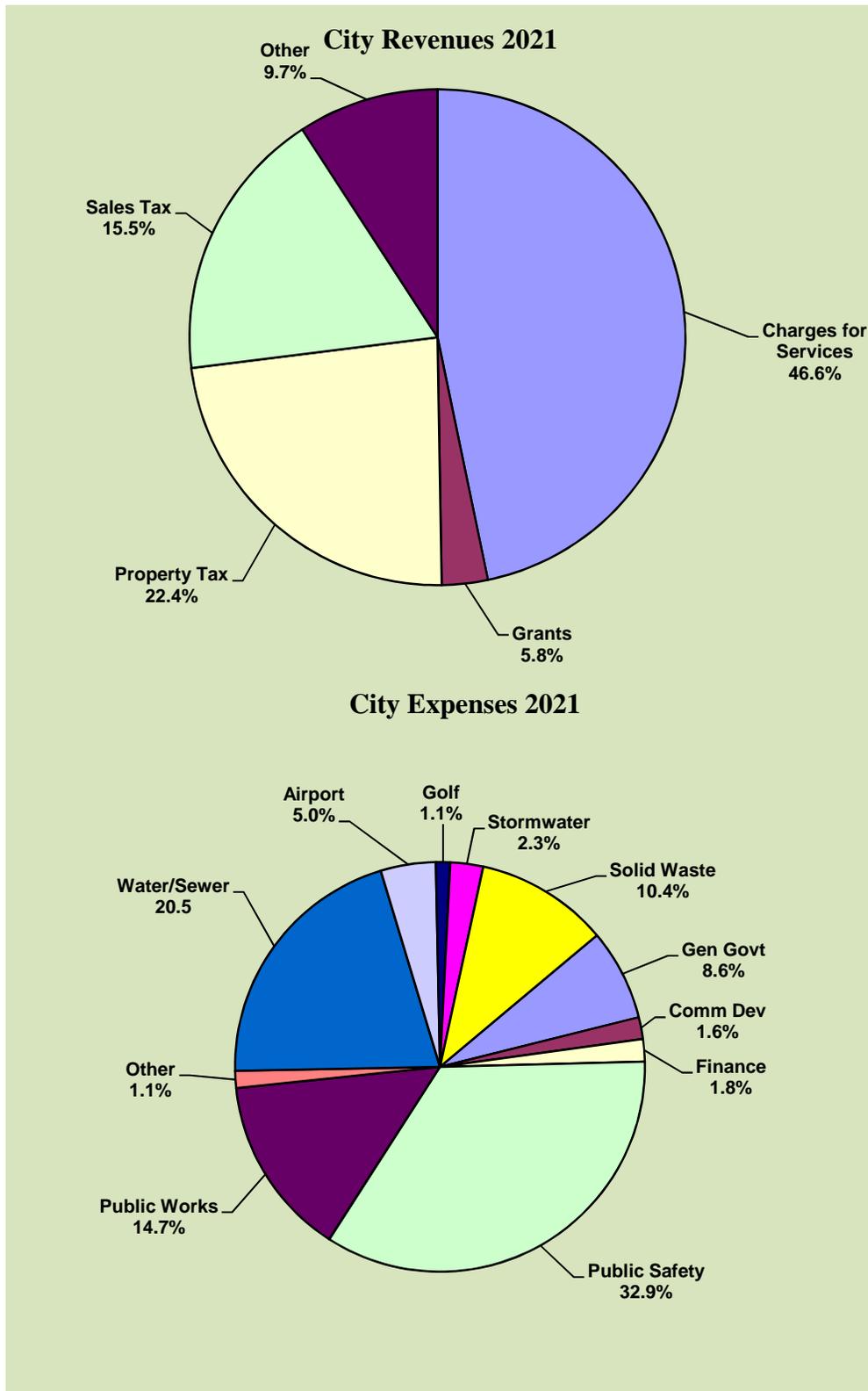
The following table provides a summary of the City's operations for the year ended September 30, 2021. Overall, the City had an increase in net position of \$7,736,348.

**Changes in Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Fines, Fees, and Charges for Services	\$2,153,431	\$1,718,873	\$15,983,759	\$15,175,209	\$18,137,190	\$16,894,082
Operating Grants & Contributions	2,144,256	951,549	100,663	127,726	2,244,919	1,079,275
General Revenues:						
Property Taxes	8,707,453	8,414,308	-	-	8,707,453	8,414,308
Sales Taxes	6,037,291	6,437,327	-	-	6,037,291	6,437,327
Other Taxes and Fees	2,175,344	1,908,432	-	-	2,175,344	1,908,432
Other Misc.	1,364,251	535,743	219,527	879,132	1,583,778	1,414,875
Total Revenues	22,582,026	19,966,232	16,303,949	16,182,067	38,885,975	36,148,299
Expenses:						
General Government	2,673,307	2,191,967	-	-	2,673,307	2,191,967
Community Development	482,703	518,099	-	-	482,703	518,099
Finance	573,688	537,711	-	-	573,688	537,711
Public Safety	10,248,969	10,475,290	-	-	10,248,969	10,475,290
Public Works	4,565,049	4,323,539	-	-	4,565,049	4,323,539
Interest on Long Term Debt	331,511	408,132	-	-	331,511	408,132
Bond Issuance Cost	-	-	-	-	-	-
Water & Sewer	-	-	6,388,540	6,271,635	6,388,540	6,271,635
Municipal Airport	-	-	1,566,473	1,318,696	1,566,473	1,318,696
Golf Course	-	-	351,561	340,433	351,561	340,433
Stormwater	-	-	725,619	782,941	725,619	782,941
Solid Waste	-	-	3,242,207	3,187,700	3,242,207	3,187,700
Total Expenses	18,875,227	18,454,738	12,274,400	11,901,405	31,149,627	30,356,143
Increase(Decrease)in Net Position Before Transfers	3,706,799	1,511,494	4,029,549	4,280,662	7,736,348	5,792,156
Transfers In (Out)	1,986,932	1,635,101	(1,986,932)	(1,635,101)	-	-
Increase(Decrease) in Net Position	5,693,731	3,146,595	2,042,617	2,645,561	7,736,348	5,792,156
Net Position 10/01	34,549,855	31,403,260	33,732,538	31,086,977	68,282,393	62,490,237
Net Position 09/30	\$40,243,586	\$34,549,855	\$35,775,155	\$33,732,538	\$76,018,741	\$68,282,393

The following graphs provide a summary of the operations for the year ended September 30, 2021.

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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

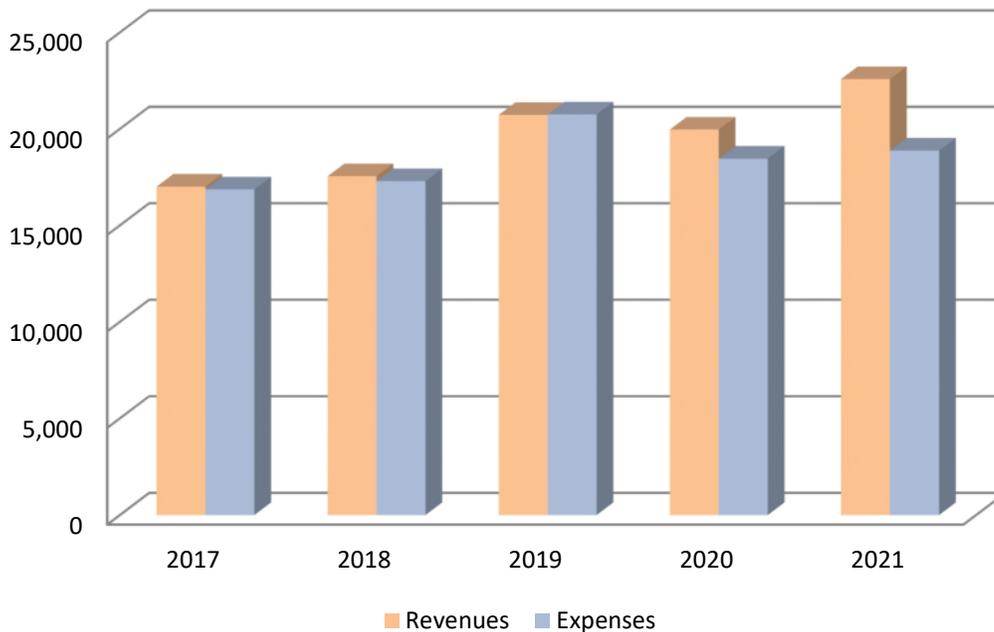
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economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid. Governmental-type activities include services largely funded through non-exchange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

Revenues from governmental activities increased over the prior year by a net amount of \$2,615,794, or 13.1%. Property taxes, the largest governmental revenue source, increased \$293,145 or 3.5% due to new construction and increased real property valuations while sales taxes decreased \$400,036 or 6.2% primarily due to continuing sluggish activity in the oil and gas industry. The largest increase in revenues came in operating grants and contributions, which increased by \$1,192,707 or 125.3% as a result of federal funding provided because of the COVID-19 pandemic. Expenses of governmental activities also increased over the prior year, though not nearly at the same magnitude as revenues. Overall, expenses of government activities increased \$420,489 or 2.3%. However, interest expense on the City's long term debt decreased \$76,621 or 18.8% due to a reduction of interest rates in the bond market.

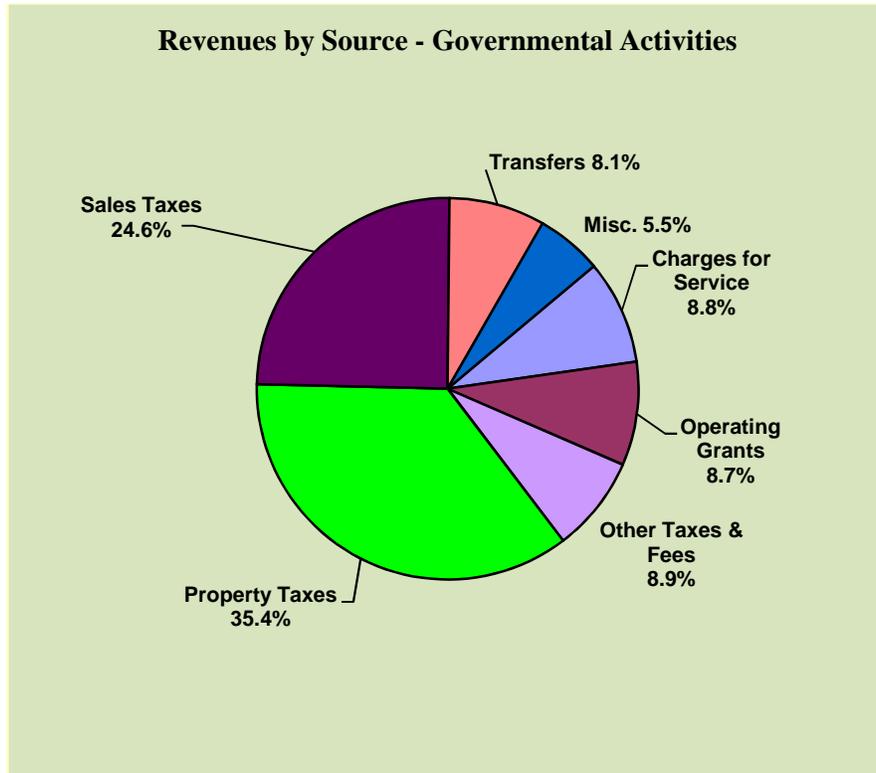
The following graph depicts the five-year history of the expenses and revenues of the City's governmental activities.

**Five Year History**  
(In Thousands)

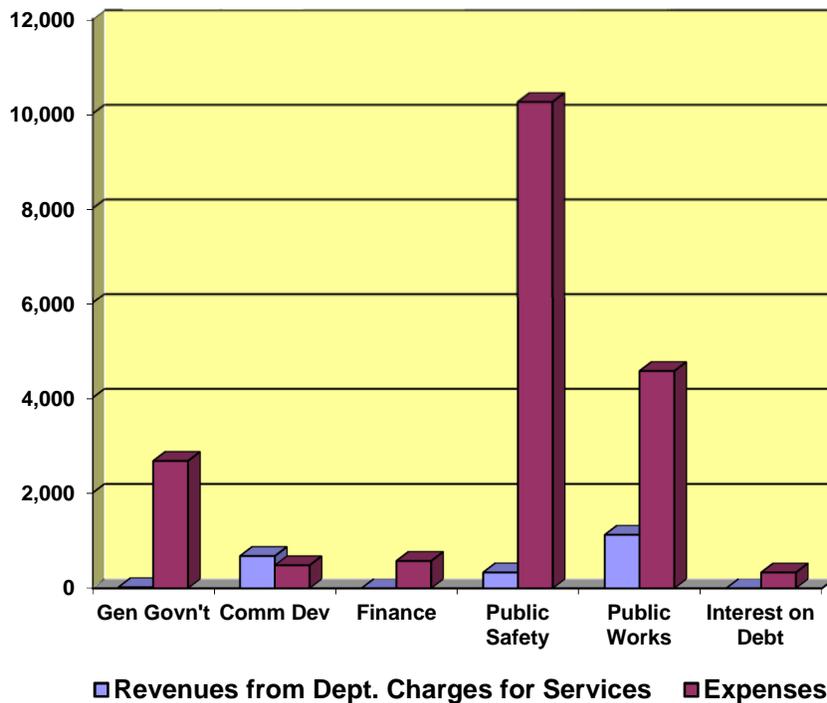


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The following graphs depict current year revenues and expenses of governmental activities by source.



(In thousands)



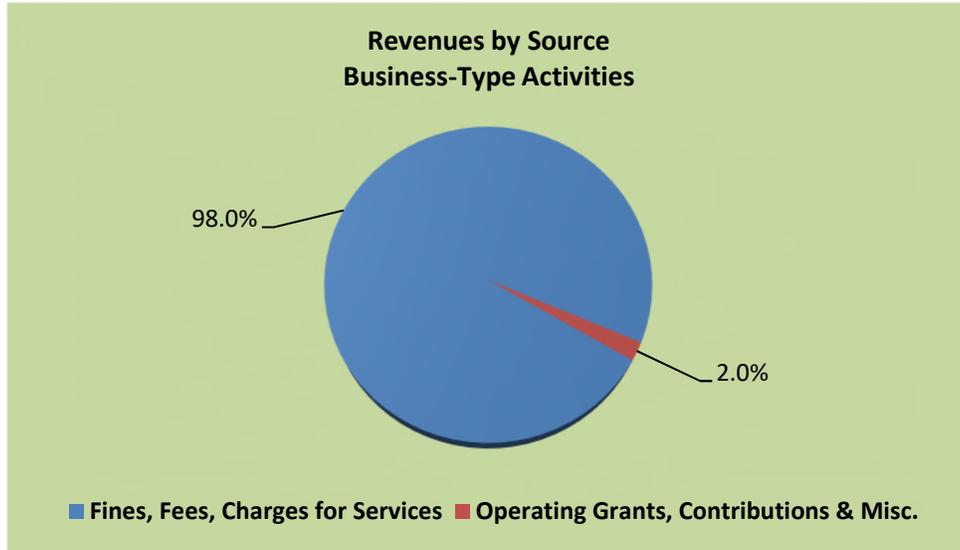
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**Business-Type Activities.** Total business-type activities increased net position by \$2,042,617 or 6.1%. Key elements to this change in net position are as follows:

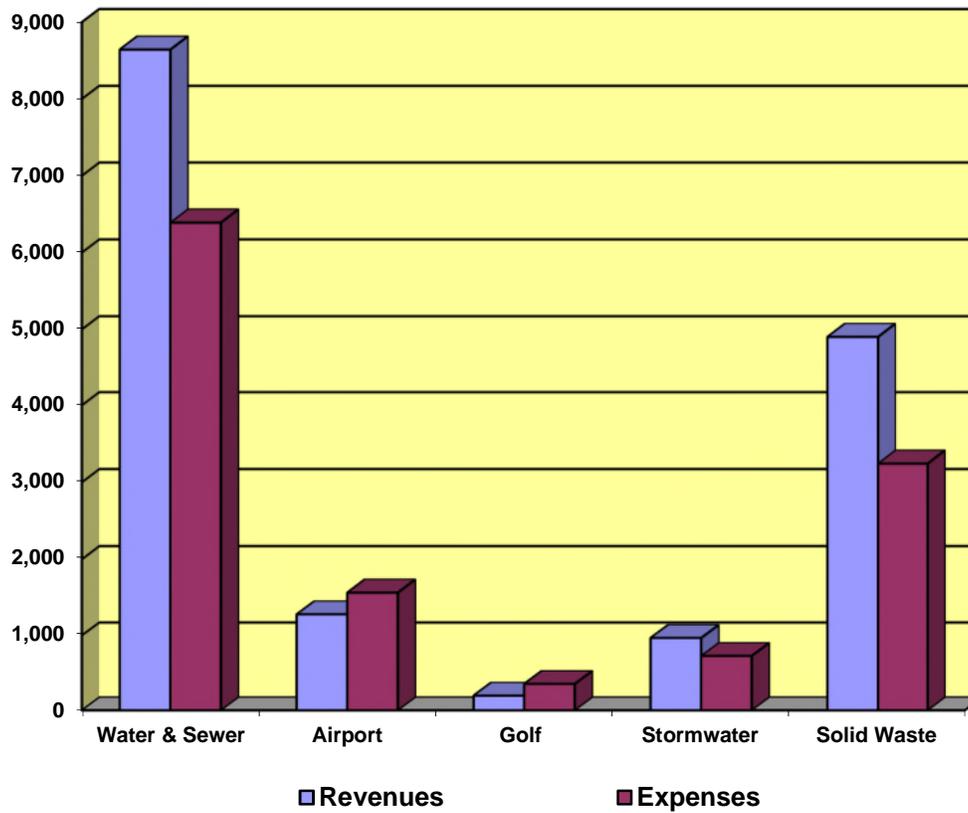
- Total revenues of business-type activities increased \$121,882 or 0.75%. Of this increase, revenues from fines, fees, and charges for services increased \$808,550 while revenues from grants, contributions, and other miscellaneous sources decreased by \$686,668.
- Total expenses of business-type activities increased \$372,995 or 3.1%. Contributing to this increase were increases in the expenses of the Water and Sewer Fund (\$116,905 or 1.9%), the Municipal Airport Fund (\$247,777 or 18.8%), the Solid Waste Fund (\$54,507 or 1.7%), and the Golf Fund (\$11,128 or 3.3%). Total expenses of the Stormwater Fund decreased \$57,322 or 7.3%.
- The Water and Sewer Fund's operating revenues increased by \$187,760 or 2.2% compared to the prior year due to increases in residential and commercial water sales as well as wastewater charges.
- Although the Municipal Airport Fund's fuel sales and charges for services increased \$116,940 or 10.1%, its total revenues decreased from the prior year by \$282,125 or 16.4% principally due to the prior year accounting treatment of an agreement for resurfacing the airport's taxiways.
- As noted above, total expenses for the Municipal Airport Fund increased \$247,777 or 18.8%. The most substantial increase in expenses occurred in supplies and materials expense, which increased \$241,190 or 29.3%.
- Total revenues at the golf course decreased by \$91,039 or 22.1% primarily due to a decrease in transfers received from the City's General Fund of \$99,748.
- Operating revenues for the Solid Waste Fund increased \$255,111 or 5.5% compared to the prior year primarily due to significant increases in solid waste residential revenues, fees charged for solid waste items received at the City's transfer station, and roll-off/compactor pick-up fees.
- Operating revenues of the Stormwater Fund increased \$28,777 or 3.0%. Additionally, operating expenses of the fund decreased by \$14,646 or 2.4%.

As a result of the revenue and expense changes described above, three of the City's proprietary funds experienced increases in their respective net positions during the 2021 fiscal year while the other two experienced decreases. The net position of the Water and Sewer Fund increased \$1,222,010 or 9.4%. The net position of the Municipal Airport Fund decreased \$125,223 or 4.1%. The Solid Waste Fund's net position increased \$781,779 or 17.8%, and, additionally, the Stormwater Fund's net position also increased \$195,336 or 1.5%. The net position of the Golf Fund decreased by \$31,285.

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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 \$27,533,121, an increase over the prior year of \$3,153,306 or 12.9% (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 33.3% of the fund balance or \$9,180,278 (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 \$1,692,338 or 6.2%; Restricted \$5,570,760 or 20.2%; and Assigned \$11,089,745 or 40.3% (pg. 27).

The General Fund is the chief operating fund of the City. At the end of fiscal year 2021, the fund balance in the General Fund was \$9,186,996 (page 27 and 29), of which \$8,268,194 is in cash. There was a net increase in the General Fund fund balance of \$133,995 or 1.5% 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 \$1,917,509 (pg. 85 and 89). It increased during the year by \$315,289 or 19.7%. A key factor in this increase was a greater collection amount for property taxes than had been budgeted by the City. Additionally, the City's debt service expenditures for the year decreased by \$129,380 or 7.7% as compared to the previous year of 2020.
- The Assigned Projects Fund has a restricted fund balance of \$7,747,633 (pg. 27 and 29). This fund balance increased during the year by \$2,061,418 or 36.3%. The City Council passed an ordinance at the end of 2021 directing excess revenues above the City's \$133,995 budgeted amount for the General Fund be transferred into the Assigned Projects Fund. The amount of this transfer was \$2,424,295.

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- The Cable Peg Fee Fund has a restricted fund balance of \$207,828 (pages 83 and 87). This represents a \$21,812 or 11.7% increase from the prior year. Revenues exceeded budget by \$8,974 or 69.6%, and, because expenditures amounted to only \$61, 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 \$1,549,618 (page 85). Fund balance decreased by \$1,367,877 or 46.9% during Fiscal Year 2021 primarily as the result of \$1,263,374 in capital expenditures made on the fund's various projects.
- The Hotel/Motel Fund accounts for occupancy tax revenues and expenditures and shows an ending restricted fund balance of \$865,590 (pg. 82 and 86). This amount reflects a \$375,648 or 76.7% fund balance increase from the 2020 fiscal year ending balance. The significant increase in fund balance for this fund was mostly due to occupancy tax revenues exceeding the City's budget by \$329,272 or 54.9% as a significant increase in tourism and hotel occupancy accompanied the decline of the COVID-19 pandemic.

**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 \$3,392,958; the Solid Waste Fund is \$2,372,203; Stormwater Utility Fund is \$874,287; Municipal Airport Fund is \$459,594; and the Golf Course Fund has an unrestricted net position of a negative \$118,899.

At fiscal year-end 2021, Gainesville's Water and Sewer Fund had an unrestricted cash balance of \$3,740,826. The Solid Waste Fund cash balance was \$3,298,572. The Stormwater Utility Fund cash balance was \$994,550. The Airport Fund's cash was \$609,779, and the Golf Fund's cash was \$9,564.

Business-type activities increased the City's net position by \$2,042,617 or 6.1% (pg. 8 and 34). As noted previously, three of the City's proprietary funds saw an increase in net position for the 2021 fiscal year while the other two experienced a decrease. Following are the key elements of these increases/decreases:

- The Water and Sewer Fund had an increase in net position of \$1,222,010 or 9.4% (page 33) and a small decrease in its net capital assets of \$70,003 or 0.3% which is attributed to depreciation exceeding asset additions for the year.
- The Solid Waste Fund increased its net position by \$781,779 or 17.8% and had an increase in net capital assets of \$1,194,898 or 59.5% as a result of an ongoing project to expand and renovate the City's transfer station.
- The Stormwater Fund experienced an increase in net position of \$195,336 or 1.5% due to the changes in revenues and expenses noted previously. Its net capital assets decreased by \$217,559 or 1.2% due to depreciation.
- Net position of the City's municipal airport decreased by \$125,223 or 4.1% primarily because of the decrease in total revenues and increase in total expenses as noted previously.

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- The Golf Course Fund's total net position decreased \$31,285 primarily because of the decrease in total revenues of \$91,039 or 22.1% noted previously. Additionally, total expenses at the golf course increased \$11,128 or 3.3%.

**General Fund Budgetary Highlights**

For fiscal year 2021, the City budgeted an overall increase in the fund balance of the General Fund of \$133,995 (page 76). During the year, however, actual General Fund revenues exceeded projections by more than \$1.7 million (page 75) while actual expenditures totaled \$947,184 less (page 76) than budgeted. As a result, at the close of fiscal year 2021, the City Council approved an ordinance directing that any excess funds in the General Fund greater than the City's budgeted amount of \$133,995 be placed into the City's Assigned Projects Fund. Accordingly, as of September 30, 2021, \$2,424,295 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 2021 were conservatively increased in the final budget by \$259,860 or 4.6% (page 75). However, the actual revenue total at year-end was more than the final budget by \$1,704,133 or 11.6%. Actual revenue finished greater than the final budget mainly due to higher than budgeted sales taxes of \$996,432. In addition, ad valorem taxes (\$231,907); franchise fees (\$13,805); service charges (\$196,294); beverage taxes (\$8,267); licenses and permits (\$147,171); fines and forfeitures (\$50,196); investment income (\$1,162); intergovernmental revenues (\$1,101); and other income (\$57,798) all exceeded budget.

A comparison of actual expenses to the City's final budget shows that out of the nineteen departments in the General Fund, eighteen came in under budget for the fiscal year (page 75). As noted above, actual total expenditures for fiscal year 2021 were under the final budget by \$947,184 or 5.5%. Capital outlay for the City did finish over budget by a small amount of \$2,727 or 2.8% of the budgeted amount.

The only General Fund department over budget for the 2021 fiscal year was the City's Human Resources Department. The \$4,713 budget overage for this department (page 75), which equates to 1.4% of total budgeted expenses in fiscal year 2021, can be attributed to adjustments made at or near the City's year end for various insurance benefits provided to employees that hadn't been previously allocated to other departments.

Because of the ordinance approved by City Council at the close of the year, the actual ending fund balance of the General Fund is \$9,186,996 (page 76), which agrees to the amount proposed in the City's final budget.

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**Capital Asset and Debt Administration**

The largest portion of the City's net position, \$50,337,152 or 66.2% (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, 2021 amounts to \$81,720,223 net of accumulated depreciation (pg. 7 and 24). The City's capital assets increased \$1,312,537 or 1.6%. This increase is comprised of an increase of \$528,554 or 1.7% from capital assets from the City's governmental activities and an increase of \$783,983 or 1.6% 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 \$1,540,490 on SUMP projects in fiscal year 2021.
- The City's new Fire Station No. 3 was completed in the 2021 fiscal year at a cumulative cost of \$2,897,378.
- The City's Elm Fork Trinity River project was completed during the year at a total asset cost of \$498,662.
- The project to expand and renovate Solid Waste's transfer station continued in Fiscal Year 2021 with \$1,620,164 in total costs at year's end.
- \$2,809,268 in capital assets of business-type activities were acquired or completed during the 2021 fiscal year. \$1,852,468 in capital assets of governmental activities were also acquired or completed during the fiscal year.

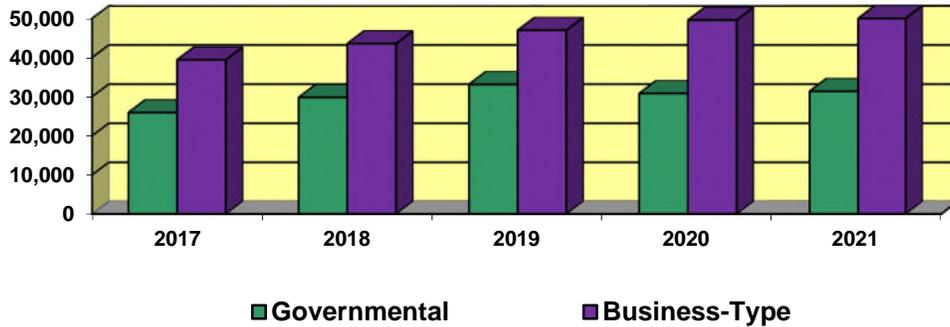
Additional information on the City's capital assets is found in note III D (pg. 50-53) of this report.

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$5,195,546	\$4,780,537	\$7,689,865	\$7,684,173	\$12,885,411	\$12,464,710
Buildings	12,602,531	10,044,938	18,733,990	18,733,990	31,336,521	28,778,928
Improvements	97,256,965	95,976,619	48,658,856	47,387,024	145,915,821	143,363,643
Machinery & equipment	10,602,837	10,192,482	11,122,170	10,913,622	21,725,007	21,106,104
Construction in progress	244,556	2,644,759	1,960,153	913,828	2,204,709	3,558,587
Less accumulated depreciation	(94,524,795)	(92,790,249)	(37,822,451)	(36,074,037)	(132,347,246)	(128,864,286)
<b>Total</b>	<b>\$31,377,640</b>	<b>\$30,849,086</b>	<b>\$50,342,583</b>	<b>\$49,558,600</b>	<b>\$81,720,223</b>	<b>\$80,407,686</b>

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
For the Year Ended September 30, 2021

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

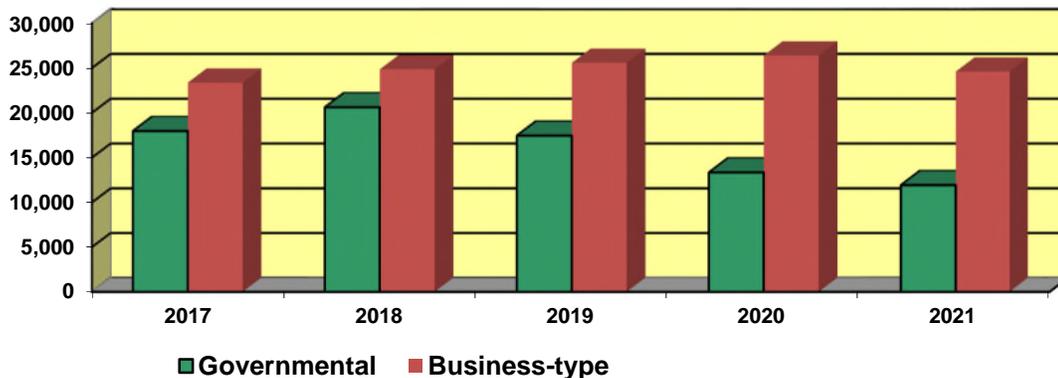


**Long-Term Debt.** As of September 30, 2021, the City of Gainesville had total debt outstanding of \$36,549,056 (see note III F. pg. 54-60). Of this amount, \$11,937,686 is in the City's governmental activities (pg. 54) and \$24,611,370 (pg. 56-57) is in the business-type activities. The City's total debt decreased \$3,216,781 or 8.1% during fiscal year 2021. This decrease is the result of \$2,954,998 in debt principal payments plus \$261,783 in payments on capital lease obligations and amortization of premiums on indebtedness.

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$6,764,811	\$7,769,856	\$8,015,190	\$8,870,143	\$14,780,001	\$16,639,999
Certificates of obligation bonds	4,180,728	4,384,698	15,679,271	16,570,301	19,859,999	20,954,999
Premium/Disc. /Capital leases	992,147	1,200,006	916,909	970,833	1,909,056	2,170,839
<b>Total</b>	<b>\$11,937,686</b>	<b>\$13,354,560</b>	<b>\$24,611,370</b>	<b>\$26,411,277</b>	<b>\$36,549,056</b>	<b>\$39,765,837</b>

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



**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

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 2022 budget will utilize the Assigned Projects Fund to pay approximately \$3.4 million in streets and utilities maintenance costs. Additionally, during the first quarter of Fiscal Year 2022, the City expects to pay down \$1.45 million of its unfunded employee pension liability with the Texas Municipal Retirement System (TMRS).

The City's demolition program continues to create open space for additional commercial and residential infill development. In Fiscal Year 2021, twenty-nine (29) substandard structures were demolished, and three other substandard structures were brought up to the City's building code. While there weren't any permits issued for new construction on these twenty-nine lots, thirteen (13) new construction permits were issued on previous residential infill lots. Eleven of these new homes were completed during Fiscal Year 2021. Due to the present demand for housing, the City's program has seen an increase in the number of remodels of older and otherwise substandard residential structures. New and remodeled homes constructed within established neighborhoods modernize residential areas and raise overall property tax values.

In addition to revitalization of older residential neighborhoods, there also continues to be good activity in new home construction in the City. Continued residential construction of Black Hill Farms Phase I and infill developments resulted in 30 new residential construction permits during Fiscal Year 2021. Phase II of the Black Hill Farms was completed at the end of the current fiscal year, and the builder plans on constructing 50 additional homes over the next year. Furthermore, Lackland Holdings had a preliminary plat approved for a 105 lot residential subdivision on the east side of the City. This developer has a total of 230 acres in the area and plans to develop it into approximately 850 more residential lots. Riverside Homebuilders is expected to build between 50 and 100 homes per year once Lackland Holdings completes the infrastructure for the first phase of the subdivision.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

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:

- GrandWay Travel Center, located at 3590 North I-35, completed a new travel stop (\$3,000,000).
- Harbor Freight Tools remodeled and opened a previously closed retail space at 1008 Highway US-82 (\$220,000).
- Trident completed an expansion of their facility at 2300 North I-35 (\$1,728,000).
- Advanced Pedestals obtained a certificate of occupancy for its facility located at 2227 Foundry Road.
- GAF Materials Corporation began remodeling their existing facility, located at 1301 Corporate, and also expanding the facility by 400,000 square feet (over \$21 million).
- Refinery Road Veterinary Clinic is expanding their facility and adding a new small animal clinic adjacent to their location at 1913 Refinery Road (\$1,700,000).
- Agarwal Medical is planning a new office at 719 N. Grand Avenue (\$350,200).
- Sweet Jayne's Bakeshop obtained a permit to construct a new location at 211 N. Weaver (\$600,000).
- Willowick Apartments, located at 1501 Newland Drive, completed a remodeling project (approximately \$2.5 million).
- Express Car Wash opened a new service location at 917 N. Grand Avenue (\$250,000).
- Taco Bueno remodeled and opened a previously closed restaurant space at 501 W. California (\$96,000).

The City of Gainesville expects growth to continue in the upcoming year. With the ongoing widening project 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 a great location for an influx of both residential and commercial growth.

**General Fund**

A major revenue source for the General Fund will continue to be the City's 1.25-cent sales tax. The City's approach to budgeting for this revenue has been historically conservative due to the unpredictability of sales tax revenues in general, and especially in consideration of the current economic condition of the oil and gas industry. Because of the City's conservatism, the overall outlook for Gainesville is stable even in light of the COVID-19 pandemic and the volatility of the energy sector. In the City's Fiscal Year 2022 budget, the City has projected to collect \$5,173,183 in sales taxes, net of sales tax rebates. This amount is \$864,108 or 14.3% less than actual sales tax revenues for the most recent fiscal year; however, in the latter part of Fiscal Year 2021, the City was notified by the Texas State Comptroller that it would have to repay \$731,445 in sales taxes that it had received in error during the period from 2015 through 2018. The Fiscal Year 2022 budgeted amount for sales tax revenue includes the repayment of this amount.

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 \$0.6875 to \$0.6721 per \$100 of property value. Despite the rate decrease, total ad valorem tax revenue (including delinquent

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

penalties) is projected to increase over the prior year's final budget by \$428,547 or 5.1% as the result of a continuing appreciation in property values and new construction. Total ad valorem tax revenue (including delinquent penalties) is projected to be \$8,834,330. This total is divided between the General Fund (\$6,663,220) and the Debt Service Fund (\$2,171,110).

### **Enterprise Funds**

The City's enterprise funds are Water and Sewer; Solid Waste; Stormwater Drainage Utility; the Municipal Airport; and Golf. In total, and excluding substantial grant revenue amounts for the Water and Sewer Fund and the Municipal Airport Fund (noted below), revenues for the City's enterprise funds are projected to increase for Fiscal Year 2022 in comparison to the 2021 final budget by \$292,526 or 1.8%. Budgeted revenues for 2022 are projected to increase in all City enterprise funds with the exception of the Municipal Airport Fund as noted below.

### **Water and Sewer Fund**

The new 2022 fiscal year revenues for the Water and Sewer Fund are budgeted to be \$10,845,430, or an increase of \$2,135,317 or 24.5% over the City's final budget of the 2021 fiscal year. The great majority of this budget increase is due to \$2,092,057 in grant revenues to be received in connection with the American Rescue Plan Act, which the City plans to utilize in a project to expand and upgrade its sanitary sewer system. Excluding this grant revenue amount, revenues are only projected to conservatively increase by \$43,260 or 0.5% over the Water and Sewer Fund's final budget for 2021.

Similar to revenues, expenses of the Water and Sewer Fund are projected to increase by \$2,048,738 or 23.3% in Fiscal Year 2022 primarily due to the construction costs associated with the large federal grant project noted above. If this grant amount were to be excluded, however, total expenses would be relatively flat from the 2021 final fiscal year budget to the new 2022 fiscal year budget. It should also be noted that a transfer of \$1,304,471 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 within the City and is mandated by City Code. Fees charged to customers for Water and Sewer will be unchanged in Fiscal Year 2022.

### **Solid Waste Fund**

Revenues for the Solid Waste Fund have been budgeted to increase from the prior year's final budget by \$153,711 or 3.5% while expenses are expected to increase by \$78,028 or 1.8% due to an increase in capitalized machinery and equipment expenses. Fees for this fund will be increased by 3% for the upcoming 2022 fiscal year.

### **Airport Fund**

Excluding grant revenues of \$4,500,000 budgeted in Fiscal Year 2021 for rehabilitating and resurfacing the airport's taxiways, total revenues for the Municipal Airport Fund are still projected to decrease by \$74,206 or 5.8% in the upcoming 2022 fiscal year. This decrease is the result of a

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

\$100,000 transfer to the Municipal Airport Fund from the City's Airport Capital Improvements Fund that had been included in the final budget for Fiscal Year 2021.

Fuel sales, the greatest revenue source for the Municipal Airport Fund, continue to be strong because of the City's geographic location and totaled \$1,090,802 in the 2021 fiscal year. This amount was \$240,802 or 28.3% over the City's 2021 final budget and also exceeded the Fiscal Year 2020 total by \$105,149 or 10.7%. Because of the lingering uncertainty of the COVID-19 pandemic and the impact it could have on travel nationwide, the City has conservatively budgeted fuel sales for the 2022 fiscal year at \$940,000.

**Other Funds**

Stormwater Drainage's revenues for the upcoming 2022 fiscal year are budgeted to increase by \$103,244 or 8.4% over the City's 2021 final budget. Likewise, the Golf Fund's revenues are also projected to increase by \$16,517 or 4.3% over the final budget for Fiscal Year 2021. Total expenses for these funds are also budgeted for increases in the new fiscal year. Expenses for the Stormwater Drainage Utility Fund are projected to increase by \$62,258 or 5.2%, and expenses for Golf are projected to increase by \$17,738 or 4.6%. The most significant factor in these expense increases is an increase of \$101,495 for debt service in the Stormwater Drainage Utility Fund's budget for 2022.

**Additional information**

The Fiscal Year 2022 budget includes personnel "pay-for-performance" programs. Gainesville's compensation plan is designed to accomplish two goals – (1) to compensate employees in direct relation to the value of their position on the external competitive market; and (2) to compensate employees based upon their individual job contributions to the City. In the Fiscal Year 2021 budget, the City paused this "pay-for-performance" program for employee compensation increases due to the uncertain economy brought on by the COVID-19 pandemic. However, after better than expected budget performances over the first three quarters of the fiscal year, City Council approved an across-the-board 5% compensation increase for all City employees in the final quarter of Fiscal Year 2021. For the upcoming 2022 fiscal year, the "pay-for-performance" program has been reinstated.

In the 2019 fiscal year, the City increased the employee portion of retirement funding from 5% up to 6% of employee pay. As noted previously, the City plans to pay down \$1.45 million of its unfunded employee pension with liability with TMRS during the first quarter of Fiscal Year 2022 from excess fund balance amounts achieved in previous years. Gainesville is currently paying 12.36% to TMRS, which is above the 12% full matching rate.

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.

Per the City's five-year capital improvement program, capital projects for Fiscal Year 2022 are projected to be \$21.06 million. Operating funds in the 2022 fiscal year budget will cover \$7.40 million in capital expenditures with remaining amounts covered by debt service funds, long-term

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

contracts, and project funds established from previous budgets. Among the capital expenditures projects included in the City's operating budget for Fiscal Year 2022 are the following:

- The Police Department has budgeted to purchase three 2022 patrol vehicles for a total cost of \$143,205.
- Impacting the Fiscal Year 2022 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 \$250,000 to purchase automated water meters and hydrants.
- The Water and Sewer Fund is also projecting to spend an additional \$168,000 for the replacement of valves, water mains, and lines in certain identified areas of the City.
- The Water and Sewer Fund has budgeted to spend \$308,000 for the removal of the Cole Street lift station and to replace it with a more efficient gravity flow system requiring less maintenance cost along with the replacement of sewer pipe and a manhole in another area of the City.
- The Water and Sewer Fund has also projected to spend nearly \$180,000 for the replacement and maintenance of certain water storage tanks and facilities located in various areas throughout the City.
- The City's Wastewater Treatment Plant is budgeting approximately \$1.8 million to replace its tertiary system with an ultraviolet disinfection system with the funding provided from the American Rescue Plan Act.
- The Solid Waste Fund has budgeted \$212,303 for a new roll-off truck to service the City's construction and industrial solid waste customers.
- The Stormwater Utility Fund has budgeted \$125,000 for a new four-wheel drive extendable backhoe to replace an older model 2002 backhoe.
- As part of the City's Street and Utility Maintenance Program (SUMP), approximately \$3.4 million has been budgeted from the Assigned Projects Fund for street repairs and/or reconstruction. An additional \$75,000 is budgeted in the Fiscal Year 2022 budget for street crack seal projects in the Streets Division of the General Fund.

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Basic  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
September 30, 2021

	<b>PRIMARY GOVERNMENT</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash	\$ 24,991,212	\$ 8,653,291	\$ 33,644,503	\$ 2,902,301
Investments	-	-	-	500,000
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,323,714	-	1,323,714	230,174
Service	-	1,597,710	1,597,710	-
Other	1,064,238	258,440	1,322,678	14,609
Inventories	6,718	-	6,718	-
<b>Total Current Assets</b>	<b>27,385,882</b>	<b>10,509,441</b>	<b>37,895,323</b>	<b>3,647,084</b>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets</b>				
Cash	1,802,237	2,910,952	4,713,189	-
Non-depreciable Capital Assets	5,440,102	9,650,018	15,090,120	1,404,032
Other Capital Assets (net)	25,937,538	40,692,565	66,630,103	2,386,185
<b>Total Noncurrent Assets</b>	<b>33,179,877</b>	<b>53,253,535</b>	<b>86,433,412</b>	<b>3,790,217</b>
<b>TOTAL ASSETS</b>	<b>60,565,759</b>	<b>63,762,976</b>	<b>124,328,735</b>	<b>7,437,301</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding	299,949	152,847	452,796	-
Deferred Outflows Related to Pension-TMRS	1,030,319	301,169	1,331,488	25,366
Deferred Outflows Related to OPEB	164,657	38,039	202,696	4,049
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,494,925</b>	<b>492,055</b>	<b>1,986,980</b>	<b>29,415</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	698,066	801,224	1,499,290	27,173
Accrued Expense	566,958	85,906	652,864	11,123
Interest Payable	47,420	93,398	140,818	-
Deposits	10,475	266,323	276,798	1,500
Current Portion-Long Term Debt	1,406,461	1,799,100	3,205,561	262,720
<b>Total Current Liabilities</b>	<b>2,729,380</b>	<b>3,045,951</b>	<b>5,775,331</b>	<b>302,516</b>
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	363,413	56,419	419,832	2,483
Postclosure Care Costs	-	705,944	705,944	-
Net Pension Liability-TMRS	6,324,858	1,461,116	7,785,974	155,675
Net OPEB Liability	734,774	169,743	904,517	18,083
Long-Term Debt	10,531,225	22,812,270	33,343,495	660,920
<b>Total Noncurrent Liabilities</b>	<b>17,954,270</b>	<b>25,205,492</b>	<b>43,159,762</b>	<b>837,161</b>
<b>TOTAL LIABILITIES</b>	<b>20,683,650</b>	<b>28,251,443</b>	<b>48,935,093</b>	<b>1,139,677</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>RELATED TO PENSIONS</b>				
Deferred Inflows Related to Pension-TMRS	1,087,584	217,837	1,305,421	26,766
Deferred Inflows Related to OPEB	45,864	10,596	56,460	1,128
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,133,448</b>	<b>228,433</b>	<b>1,361,881</b>	<b>27,894</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	21,542,140	28,795,012	50,337,152	2,866,577
Restricted for:				
Debt Service	1,917,509	-	1,917,509	-
Construction	2,442,680	-	2,442,680	-
Tourism & the Arts	865,590	-	865,590	-
Cemetery (nonexpendable)	1,685,620	-	1,685,620	-
Public Safety	344,981	-	344,981	-
Unrestricted	11,445,066	6,980,143	18,425,209	3,432,568
<b>TOTAL NET POSITION</b>	<b>\$ 40,243,586</b>	<b>\$ 35,775,155</b>	<b>\$ 76,018,741</b>	<b>\$ 6,299,145</b>

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

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

FUNCTIONS/ACTIVITY	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION			COMPONENT UNIT
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>Primary Government:</b>							
<b>Governmental Activities</b>							
General Government	\$ 2,673,307	\$ 21,472	\$ 2,098,270	\$ (553,565)	\$ -	\$ (553,565)	\$ -
Community Development	482,703	677,009	-	194,306	-	194,306	-
Finance	573,688	-	-	(573,688)	-	(573,688)	-
Public Safety	10,248,969	333,185	37,487	(9,878,297)	-	(9,878,297)	-
Public Works	4,565,049	1,121,765	8,499	(3,434,785)	-	(3,434,785)	-
Interest on Long-Term Debt	331,511	-	-	(331,511)	-	(331,511)	-
<b>Total Governmental Activities</b>	<b>18,875,227</b>	<b>2,153,431</b>	<b>2,144,256</b>	<b>(14,577,540)</b>	<b>-</b>	<b>(14,577,540)</b>	<b>-</b>
<b>Business-Type Activities</b>							
Water and Sewer	6,388,540	8,642,191	-	-	2,253,651	2,253,651	-
Municipal Airport	1,566,473	1,280,300	68,241	-	(217,932)	(217,932)	-
Golf Course	351,561	195,734	-	-	(155,827)	(155,827)	-
Stormwater	725,619	964,600	32,422	-	271,403	271,403	-
Solid Waste	3,242,207	4,900,934	-	-	1,658,727	1,658,727	-
<b>Total Business-Type Activities</b>	<b>12,274,400</b>	<b>15,983,759</b>	<b>100,663</b>	<b>-</b>	<b>3,810,022</b>	<b>3,810,022</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 31,149,627</b>	<b>\$ 18,137,190</b>	<b>\$ 2,244,919</b>	<b>\$ (14,577,540)</b>	<b>\$ 3,810,022</b>	<b>\$ (10,767,518)</b>	<b>\$ -</b>
<b>Component Unit:</b>							
Gainesville Economic Development Corp.	\$ 774,665	\$ 289,824	\$ -	\$ -	\$ -	\$ -	\$ (484,841)
<b>General Revenues:</b>							
<b>Taxes</b>							
Property Taxes				\$ 8,707,453	\$ -	8,707,453	\$ -
Sales Taxes				6,037,291	-	6,037,291	1,208,656
Franchise Fees				1,209,805	-	1,209,805	-
Occupancy Taxes				929,272	-	929,272	-
Mixed Beverage Taxes				36,267	-	36,267	-
Investment Income				14,452	8,872	23,324	2,065
Miscellaneous				1,349,799	210,655	1,560,454	-
Transfers In (Out) between Governmental and Business-Type Activities				1,986,932	(1,986,932)	-	-
<b>Total General Revenues and Transfers</b>				<b>20,271,271</b>	<b>(1,767,405)</b>	<b>18,503,866</b>	<b>\$ 1,210,721</b>
<b>Change in Net Position</b>				<b>5,693,731</b>	<b>2,042,617</b>	<b>7,736,348</b>	<b>725,880</b>
<b>Net Position-October 1</b>				<b>34,549,855</b>	<b>33,732,538</b>	<b>68,282,393</b>	<b>5,573,265</b>
<b>Net Position-September 30</b>				<b>\$ 40,243,586</b>	<b>\$ 35,775,155</b>	<b>\$ 76,018,741</b>	<b>\$ 6,299,145</b>

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



## Fund Financial Statements



Governmental Fund  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2021**

	<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	\$ 8,268,194	\$ 7,787,558	\$ 10,737,696	\$ 26,793,448
Investments	-	-	-	-
Receivables (Net of Allowances for Uncollectible)				
Taxes	1,267,282	-	56,432	1,323,714
Other	919,109	-	145,129	1,064,238
Inventory	6,718	-	-	6,718
Interfund Receivable	16,686	-	-	16,686
<b>TOTAL ASSETS</b>	<b>10,477,989</b>	<b>7,787,558</b>	<b>10,939,257</b>	<b>29,204,804</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 390,493	\$ 39,925	\$ 267,647	\$ 698,065
Accrued Payroll & Benefits	203,545	-	-	203,545
Funds Held for Others	10,475	-	-	10,475
Interfund Payable	-	-	16,686	16,686
<b>TOTAL LIABILITIES</b>	<b>604,513</b>	<b>39,925</b>	<b>284,333</b>	<b>928,771</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	686,480	-	56,432	742,912
<b>FUND BALANCES:</b>				
<b>Nonspendable:</b>				
Inventories	6,718	-	-	6,718
Cemetery	-	-	1,685,620	1,685,620
<b>Restricted:</b>				
Debt Service	-	-	1,917,509	1,917,509
Construction	-	-	2,442,680	2,442,680
Tourism and the Arts	-	-	865,590	865,590
Other	-	-	344,981	344,981
<b>Assigned:</b>				
Construction	-	-	347,183	347,183
Other	-	7,747,633	2,994,929	10,742,562
<b>Unassigned</b>	<b>9,180,278</b>	<b>-</b>	<b>-</b>	<b>9,180,278</b>
<b>TOTAL FUND BALANCES</b>	<b>9,186,996</b>	<b>7,747,633</b>	<b>10,598,492</b>	<b>27,533,121</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 10,477,989</b>	<b>\$ 7,787,558</b>	<b>\$ 10,939,257</b>	<b>\$ 29,204,804</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, 2021**

**Total Fund Balance - Total Governmental Funds** \$ 27,533,121

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. 742,912

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 \$94,524,795. 31,377,640

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. (47,419)

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. (11,252,717)

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

Deferred Loss on Early Extinguishment of Debt	299,949
Premium on Bonds	(684,969)

Compensated absences are not reported as liabilities in the governmental fund balance sheet. (726,827)

Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of (\$6,324,858), a deferred resource inflow in the amount of (\$1,087,584) and a deferred resource outflow in the amount of \$1,030,319. This resulted in a decrease in net position by (\$6,382,123) (6,382,123)

Included in the noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of (\$734,774), a deferred resource inflow in the amount of (\$45,864) and a deferred outflow in the amount of \$164,657. This resulted in a decrease in net position by (\$615,981). (615,981)

**Net Position of Governmental Activities** \$ 40,243,586

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<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	\$ 6,448,907	\$ -	\$ 2,257,578	\$ 8,706,485
Sales Taxes	6,037,291	-	-	6,037,291
Franchise Tax	1,209,805	-	-	1,209,805
Occupancy Tax	-	-	929,272	929,272
Mixed Beverage Tax	36,267	-	-	36,267
Service Charges	1,222,294	-	10,309	1,232,603
License & Permits	566,171	-	21,471	587,642
Fines & Forfeitures	328,896	-	28,151	357,047
Investment Income	6,352	1,991	6,109	14,452
Intergovernmental Revenues	9,616	-	2,134,639	2,144,255
Other Income	475,201	690,755	176,385	1,342,341
<b>TOTAL REVENUES</b>	<b>16,340,800</b>	<b>692,746</b>	<b>5,563,914</b>	<b>22,597,460</b>
<b>EXPENDITURES:</b>				
Current				
General Government	1,707,711	-	1,110,782	2,818,493
Community Development	489,006	-	-	489,006
Finance	586,365	-	-	586,365
Public Safety	9,859,512	-	42,626	9,902,138
Public Works	3,528,133	-	44,724	3,572,857
Non-Departmental	1,002	-	-	1,002
Debt Service				
Principal	-	165,697	1,209,014	1,374,711
Interest and Other Charges	-	15,163	332,384	347,547
Capital Outlay	100,114	692,763	1,546,090	2,338,967
<b>TOTAL EXPENDITURES</b>	<b>16,271,843</b>	<b>873,623</b>	<b>4,285,620</b>	<b>21,431,086</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>68,957</b>	<b>(180,877)</b>	<b>1,278,294</b>	<b>1,166,374</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Funds Transferred In	2,903,731	2,424,295	643,315	5,971,341
Funds Transferred Out	(2,838,693)	(182,000)	(963,716)	(3,984,409)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>65,038</b>	<b>2,242,295</b>	<b>(320,401)</b>	<b>1,986,932</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>133,995</b>	<b>2,061,418</b>	<b>957,893</b>	<b>3,153,306</b>
<b>FUND BALANCE - October 1</b>	<b>9,053,001</b>	<b>5,686,215</b>	<b>9,640,599</b>	<b>24,379,815</b>
<b>FUND BALANCE - September 30</b>	<b>\$ 9,186,996</b>	<b>\$ 7,747,633</b>	<b>\$ 10,598,492</b>	<b>\$ 27,533,121</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, 2021**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 3,153,306</b>
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the government-wide statement of net position in the current period.	2,338,967
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:	8,705
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.	(1,817,872)
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.	(60,742)
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.	7,331
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.	1,374,711
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.	(15,434)
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	758,758
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	(53,999)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 5,693,731</u></b>



Proprietary Fund  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2021**

	WATER & SEWER	MUNICIPAL AIRPORT	SOLID WASTE	STORMWATER	OTHER ENTERPRISE FUNDS GOLF FUND	TOTAL
<b>ASSETS</b>						
Cash	\$ 3,740,826	\$ 609,779	\$ 3,298,572	\$ 994,550	\$ 9,564	\$ 8,653,291
Receivables (Net of Allowances for Uncollectible)						-
Service	821,757	36,772	632,468	106,713	-	1,597,710
Other	258,440	-	-	-	-	258,440
<b>Total Current Assets</b>	<u>4,821,023</u>	<u>646,551</u>	<u>3,931,040</u>	<u>1,101,263</u>	<u>9,564</u>	<u>10,509,441</u>
<b>Noncurrent Assets:</b>						
Restricted Assets:						
Cash	-	-	2,910,952	-	-	2,910,952
Non-depreciable Capital Assets	379,107	306,702	1,595,563	7,338,590	30,056	9,650,018
Other Capital Assets (net)	26,768,622	2,182,249	1,607,458	10,034,342	99,894	40,692,565
<b>Total Noncurrent Assets</b>	<u>27,147,729</u>	<u>2,488,951</u>	<u>6,113,973</u>	<u>17,372,932</u>	<u>129,950</u>	<u>53,253,535</u>
<b>TOTAL ASSETS</b>	<u>31,968,752</u>	<u>3,135,502</u>	<u>10,045,013</u>	<u>18,474,195</u>	<u>139,514</u>	<u>63,762,976</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding	53,766	3,419	37,206	54,691	3,765	152,847
Deferred Outflow Related to Pension	169,876	13,946	87,709	10,391	19,247	301,169
Deferred Outflow Related to OPEB	21,456	1,761	11,078	1,313	2,431	38,039
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>245,098</u>	<u>19,126</u>	<u>135,993</u>	<u>66,395</u>	<u>25,443</u>	<u>492,055</u>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	157,723	106,038	363,621	154,768	19,074	801,224
Accrued Expense	56,222	6,166	13,834	2,113	7,571	85,906
Interest Payable	63,625	125	13,284	16,296	68	93,398
Customer Deposits	261,753	-	4,570	-	-	266,323
Revenue Bonds Payable-Current Portion	1,097,115	12,002	241,510	441,956	6,517	1,799,100
<b>Total Current Liabilities</b>	<u>1,636,438</u>	<u>124,331</u>	<u>636,819</u>	<u>615,133</u>	<u>33,230</u>	<u>3,045,951</u>
<b>Noncurrent Liabilities:</b>						
Accrued Compensated Absences	31,330	4,241	14,891	1,350	4,607	56,419
Postclosure Care Costs Payable	-	-	705,944	-	-	705,944
Net Pension Liability	824,152	67,656	425,519	50,414	93,375	1,461,116
Net OPEB Liability	95,744	7,860	49,434	5,857	10,848	169,743
Revenue Bonds Payable	15,313,050	17,744	3,096,535	4,375,305	9,636	22,812,270
<b>Total Noncurrent Liabilities</b>	<u>16,264,276</u>	<u>97,501</u>	<u>4,292,323</u>	<u>4,432,926</u>	<u>118,466</u>	<u>25,205,492</u>
<b>TOTAL LIABILITIES</b>	<u>17,900,714</u>	<u>221,832</u>	<u>4,929,142</u>	<u>5,048,059</u>	<u>151,696</u>	<u>28,251,443</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred Inflow Related to Pension	122,872	10,087	63,441	7,516	13,921	217,837
Deferred Inflow Related to OPEB	5,976	491	3,086	366	677	10,596
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>128,848</u>	<u>10,578</u>	<u>66,527</u>	<u>7,882</u>	<u>14,598</u>	<u>228,433</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	10,791,330	2,462,624	2,813,134	12,610,362	117,562	28,795,012
Unrestricted	3,392,958	459,594	2,372,203	874,287	(118,899)	6,980,143
<b>TOTAL NET POSITION</b>	<u>\$ 14,184,288</u>	<u>\$ 2,922,218</u>	<u>\$ 5,185,337</u>	<u>\$ 13,484,649</u>	<u>\$ (1,337)</u>	<u>\$ 35,775,155</u>

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

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	WATER & SEWER	MUNICIPAL AIRPORT	SOLID WASTE	STORMWATER	OTHER ENTERPRISE FUNDS GOLF FUND	TOTAL
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 8,642,191	\$ 1,280,300	\$ 4,900,934	\$ 964,600	\$ 195,734	\$ 15,983,759
Grant Revenue	-	68,241	-	32,422	-	100,663
Other Income	121,241	79,238	6,276	-	3,900	210,655
<b>TOTAL OPERATING REVENUES</b>	<u>8,763,432</u>	<u>1,427,779</u>	<u>4,907,210</u>	<u>997,022</u>	<u>199,634</u>	<u>16,295,077</u>
<b>OPERATING EXPENSES</b>						
Salaries and Benefits	1,828,449	148,142	940,058	97,371	233,221	3,247,241
Supplies, Materials, Repair and Maintenance	854,039	1,065,639	645,934	22,263	55,199	2,643,074
Heat, Light and Power	412,321	20,554	8,845	-	11,972	453,692
Lease Payments	1,010,411	12,000	-	-	-	1,022,411
Other	743,439	30,433	1,357,179	33,380	43,442	2,207,873
Depreciation	1,075,320	288,610	183,129	434,320	6,998	1,988,377
<b>TOTAL EXPENSES</b>	<u>5,923,979</u>	<u>1,565,378</u>	<u>3,135,145</u>	<u>587,334</u>	<u>350,832</u>	<u>11,562,668</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,839,453</u>	<u>(137,599)</u>	<u>1,772,065</u>	<u>409,688</u>	<u>(151,198)</u>	<u>4,732,409</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	3,609	724	3,739	772	28	8,872
Interest Expense	(464,561)	(1,095)	(107,062)	(138,285)	(729)	(711,732)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(460,952)</u>	<u>(371)</u>	<u>(103,323)</u>	<u>(137,513)</u>	<u>(701)</u>	<u>(702,860)</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>2,378,501</u>	<u>(137,970)</u>	<u>1,668,742</u>	<u>272,175</u>	<u>(151,899)</u>	<u>4,029,549</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Transfers In	151,651	12,747	109,349	283,279	120,614	677,640
Transfers Out	(1,308,142)	-	(996,312)	(360,118)	-	(2,664,572)
<b>NET TRANSFERS</b>	<u>(1,156,491)</u>	<u>12,747</u>	<u>(886,963)</u>	<u>(76,839)</u>	<u>120,614</u>	<u>(1,986,932)</u>
<b>CHANGE IN NET POSITION</b>	<u>1,222,010</u>	<u>(125,223)</u>	<u>781,779</u>	<u>195,336</u>	<u>(31,285)</u>	<u>2,042,617</u>
<b>NET POSITION, OCTOBER 1</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>
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$ 14,184,288</u>	<u>\$ 2,922,218</u>	<u>\$ 5,185,337</u>	<u>\$ 13,484,649</u>	<u>\$ (1,337)</u>	<u>\$ 35,775,155</u>

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

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	WATER AND SEWER FUND	MUNICIPAL AIRPORT	SOLID WASTE FUND	STORMWATER	OTHER ENTERPRISE FUND GOLF	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 8,761,557	\$ 1,341,302	\$ 4,928,438	\$ 940,338	\$ 199,634	\$ 16,171,269
Grants for routine maintenance	-	68,241	-	32,422	-	100,663
Payments to Suppliers for Goods and Services	(3,024,545)	(1,040,688)	(1,881,125)	98,980	(99,405)	(5,946,783)
Payments to Employees	(1,960,943)	(160,490)	(1,031,359)	(105,946)	(250,953)	(3,509,691)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,776,069</u>	<u>208,365</u>	<u>2,015,954</u>	<u>965,794</u>	<u>(150,724)</u>	<u>6,815,458</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfers In	151,651	12,747	109,349	283,279	120,614	677,640
Transfers Out	(1,308,142)	-	(996,312)	(360,118)	-	(2,664,572)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(1,156,491)</u>	<u>12,747</u>	<u>(886,963)</u>	<u>(76,839)</u>	<u>120,614</u>	<u>(1,986,932)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of Capital Assets	(1,008,992)	(148,605)	(1,448,301)	(185,412)	(23,650)	(2,814,960)
Payment of Postclosure Care Costs	-	-	-	-	-	-
Principal Paid on Bonds and Certificates of Obligation	(1,059,078)	(11,593)	(235,768)	(433,250)	(6,295)	(1,745,984)
Proceeds from Debt Issuance	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Interest and Paying Agent Fees Paid on Bonds, Notes, and Certificates of Obligation	(516,030)	(1,154)	(105,379)	(132,523)	(625)	(755,711)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(2,584,100)</u>	<u>(161,352)</u>	<u>(1,789,448)</u>	<u>(751,185)</u>	<u>(30,570)</u>	<u>(5,316,655)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on Investments	3,609	724	1,617	772	28	6,750
Proceeds from Maturities of Investments	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>3,609</u>	<u>724</u>	<u>1,617</u>	<u>772</u>	<u>28</u>	<u>6,750</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	39,087	60,484	(658,840)	138,542	(60,652)	(481,379)
<b>CASH - October 1</b>	3,701,739	549,295	6,868,364	856,008	70,216	12,045,622
<b>CASH - September 30</b>	<u>\$ 3,740,826</u>	<u>\$ 609,779</u>	<u>\$ 6,209,524</u>	<u>\$ 994,550</u>	<u>\$ 9,564</u>	<u>\$ 11,564,243</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 2,839,453	\$ (137,599)	\$ 1,772,065	\$ 409,688	\$ (151,198)	\$ 4,732,409
Adjustments:						
Depreciation Expense	1,075,320	288,610	183,129	434,320	6,998	1,988,377
Pension Expense	(91,833)	(7,539)	(47,413)	(5,617)	(10,404)	(162,806)
Change in Assets and Liabilities:						
Receivables, Net	(17,503)	(18,236)	(51,752)	7,087	-	(80,404)
Accounts Payable	(660)	87,938	199,569	123,598	11,208	421,653
Accrued Expense	(40,661)	(4,809)	(42,350)	(3,282)	(7,328)	(98,430)
Customer Deposits	11,953	-	2,706	-	-	14,659
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 3,776,069</u>	<u>\$ 208,365</u>	<u>\$ 2,015,954</u>	<u>\$ 965,794</u>	<u>\$ (150,724)</u>	<u>\$ 6,815,458</u>
<b>NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Contribution of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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



Notes to Basic  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**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, 2020 to September 30, 2021. 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, 2021:

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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, 2021:

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, FEMA, American Recovery Grant 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 and 2018 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, 2021, was derived by taking the cycle billings that the City billed customers in October and prorating the number of days applicable to the current year and recording the prorated amount as current year revenue. The total prorated amount is also recorded as accounts receivable at year-end.

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

**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, 2021.

**6. Compensated Absences**

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

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

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

Fire Department employees earn vacation time at the following rates:

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

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

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

Sick Leave – An employee is eligible to receive and use sick leave after the completion of one full month of regular employment. Sick leave is earned at a rate of eight (8) hours per month for all regular full-time employees, up to a maximum of 90 days (720 hours). Fire Department employees earn sick leave at a rate of twelve (12) hours per month, up to a maximum of 1,080 hours. Regular part-time employees (employed on a year-round part-time basis) that work at least 20 hours but less than 40 hours per week accrue benefits on a half-time basis. Upon termination of employment with the City, employees do not receive compensation for accrued but unused sick leave; therefore, no liability is recorded for accumulated sick leave.

**7. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as

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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 reported deferred outflows of resources related to the deferred charge on refunding, the deferred charge related to net pension liability and the deferred charge related to net OPEB liability.

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

**11. Estimates**

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

**12. Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and 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 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

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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, 2021, expenditures exceeded appropriations in the following funds:

General Fund:	
Human Resources	\$ 4,713
Non Departmental	1,002
Capital Outlay	2,727
Nonmajor Governmental Funds:	
Municipal Court Technology	1,148
Hotel/Motel	3,267

**C. Deficit Fund Equity**

The Golf Fund has a deficit fund balance in the amount of \$1,337. This deficit is a result of recognizing net pension liability accounts in the amount of \$88,049 and net OPEB liability accounts in the amount of \$9,094.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

Cash on Hand	\$ 5,950
Cash Equivalents - TexStar & TexPool	33,019,005
Cash in Banks	8,235,038
Total Cash and Cash Equivalents	\$ 41,259,993

	Governmental Activities	Business Activities	Component Unit	Total
Cash and Cash Equivalents	\$ 24,991,212	\$ 8,653,291	\$ 2,902,301	\$ 36,546,804
Restricted Cash and Cash Equivalents	1,802,237	2,910,952	-	4,713,189
Totals	\$ 26,793,449	\$ 11,564,243	\$ 2,902,301	\$ 41,259,993

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



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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 & Poor's, 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 \$11,740,558 on deposit with TexPool and \$20,227,059 on deposit with TexStar at September 30, 2021. The GEDC had \$1,051,388 on deposit with TexStar at September 30, 2021.

**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, 2021 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

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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, 2021, the rates were \$.47929 and \$.21700, respectively, per \$100 of assessed value. At September 30, 2021, 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, 2021, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds							
	General Fund	Nonmajor Funds	Total					
Property Taxes	\$ 127,233	\$ 81,897	\$ 209,130					
Sales Tax	1,140,049	-	1,140,049					
Other Local Fees	-	96,507	96,507					
Franchise Fees	41,016	-	41,016					
Court Warrants	1,523,194	-	1,523,194					
Grants	10,287	42,582	52,869					
Other	91,766	6,040	97,806					
	<u>2,933,545</u>	<u>227,026</u>	<u>3,160,571</u>					
Allowance for Uncollectible Net Receivables	<u>(747,154)</u>	<u>(25,465)</u>	<u>(772,619)</u>					
	<u>\$ 2,186,391</u>	<u>\$ 201,561</u>	<u>\$ 2,387,952</u>					
	Proprietary Funds							
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	Total		
Service Receivables	\$ 836,810	\$ 17,952	\$ 640,944	\$ 108,183	\$ -	\$ 1,603,889		
Grants	-	18,820	-	-	-	18,820		
Other	258,440	-	-	-	-	258,440		
	<u>1,095,250</u>	<u>36,772</u>	<u>640,944</u>	<u>108,183</u>	<u>-</u>	<u>1,881,149</u>		
Allowance for Uncollectible Net Receivables	<u>(15,053)</u>	<u>-</u>	<u>(8,476)</u>	<u>(1,470)</u>	<u>-</u>	<u>(24,999)</u>		
	<u>\$ 1,080,197</u>	<u>\$ 36,772</u>	<u>\$ 632,468</u>	<u>\$ 106,713</u>	<u>\$ -</u>	<u>\$ 1,856,150</u>		

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**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.

The following is a summary of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Non major governmental fund	\$ 16,686

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

**2. Interfund Transfers**

The following is a summary of interfund operating transfers:

Transfers Out	Transfers In						Total
	General Fund	Assigned Projects	Nonmajor Governmental	Water & Sewer	Solid Waste	Stormwater	
General Fund	\$ -	\$ -	\$ 394,750	\$ 1,304,468	\$ 996,312	\$ 208,201	\$ 2,903,731
Assigned Project	2,424,295	-	-	-	-	-	2,424,295
Nonmajor Govern.	309,398	182,000	-	-	-	151,917	643,315
Water & Sewer	-	-	151,651	-	-	-	151,651
Municipal Airport	-	-	12,747	-	-	-	12,747
Solid Waste	-	-	105,675	3,674	-	-	109,349
Stormwater	-	-	283,279	-	-	-	283,279
Nonmajor Enter.	105,000	-	15,614	-	-	-	120,614
Total	\$ 2,838,693	\$ 182,000	\$ 963,716	\$ 1,308,142	\$ 996,312	\$ 360,118	\$ 6,648,981

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**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2021 was as follows:

	<b>Balance 10/1/2020</b>	<b>Additions/ Completions</b>	<b>Deletions &amp; Reclassifications</b>	<b>Transfer to Proprietary</b>	<b>Balance 9/30/2021</b>
<b>Governmental Activities:</b>					
Non-Depreciable Capital Assets:					
Construction					
in Progress	\$ 2,644,759	\$ 71,490	\$ (2,473,343)	\$ 1,650	\$ 244,556
Land & Land Rights	4,780,537	415,009	-	-	5,195,546
	<u>7,425,296</u>	<u>486,499</u>	<u>(2,473,343)</u>	<u>1,650</u>	<u>5,440,102</u>
Depreciable Capital Assets:					
Motorized Vehicle	6,596,481	481,353	3,684	(24,854)	7,056,664
Machinery & Equip.	2,666,455	17,515	(48,890)	-	2,635,080
Office Equip, Furniture & Fixtures	929,546	-	(18,453)	-	911,093
Buildings	10,044,938	-	2,557,593	-	12,602,531
Improvements	95,976,619	1,353,600	(40,254)	(33,000)	97,256,965
	<u>116,214,039</u>	<u>1,852,468</u>	<u>2,453,680</u>	<u>(57,854)</u>	<u>120,462,333</u>
Less Accumulated Depreciation:					
Motorized Vehicle	(4,221,162)	(280,392)	8,797	21,180	(4,471,577)
Machinery & Equip.	(1,625,524)	(166,483)	34,896	-	(1,757,111)
Office Equip, Furniture & Fixtures	(745,143)	(43,561)	18,454	-	(770,250)
Buildings	(7,900,605)	(283,829)	-	-	(8,184,434)
Improvements	(78,297,815)	(1,043,608)	-	-	(79,341,423)
	<u>(92,790,249)</u>	<u>(1,817,873)</u>	<u>62,147</u>	<u>21,180</u>	<u>(94,524,795)</u>
Net Depreciable Capital Assets	<u>23,423,790</u>	<u>34,595</u>	<u>2,515,827</u>	<u>(36,674)</u>	<u>25,937,538</u>
Net Capital Assets	<u>\$ 30,849,086</u>	<u>\$ 521,094</u>	<u>\$ 42,484</u>	<u>\$ (35,024)</u>	<u>\$ 31,377,640</u>

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**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

<b>Proprietary Funds</b>	Balance 10/1/2020	Additions/ Completions	Deletions & Reclassifications	Transfer fr Governmental	Balance 9/30/2021
<b><u>Non-Depreciable Capital Assets:</u></b>					
<b>Construction</b>					
In Progress	\$ 913,828	\$ 5,693	1,040,632	-	\$ 1,960,153
Land & Land Rights	7,684,173	-	5,692	-	7,689,865
	<u>8,598,001</u>	<u>5,693</u>	<u>1,046,324</u>	<u>-</u>	<u>9,650,018</u>
<b><u>Depreciable Capital Assets:</u></b>					
Motorized Vehicles	6,664,701	265,676	(183,827)	27,337	6,773,887
Machinery & Equip.	3,923,251	377,148	(307,251)	-	3,993,148
Office Equip, Furniture & Fixtures	325,670	12,395	17,070	-	355,135
Buildings	18,733,990	1,262,617	(1,262,617)	-	18,733,990
Improvements	27,168,930	325,825	736,344	31,350	28,262,449
Plant In Svc-Water	13,641,200	565,607	110,243	-	14,317,050
Plant In Svc-Sewer	6,576,894	-	(497,537)	-	6,079,357
	<u>77,034,636</u>	<u>2,809,268</u>	<u>(1,387,575)</u>	<u>58,687</u>	<u>78,515,016</u>
<b>Less Accumulated Depreciation:</b>					
Motorized Vehicles	(4,182,031)	(300,130)	263,628	(23,663)	(4,242,196)
Machinery & Equip.	(3,831,971)	(148,862)	750,239	-	(3,230,594)
Office Equip, Furniture & Fixtures	(246,183)	(12,270)	11,779	-	(246,674)
Buildings	(3,004,956)	(339,478)	-	-	(3,344,434)
Improvements	(9,877,674)	(741,897)	(140,824)	-	(10,760,395)
Plant In Svc-Water	(9,923,378)	(400,363)	(624,373)	-	(10,948,114)
Plant In Svc-Sewer	(5,007,844)	(45,377)	3,177	-	(5,050,044)
	<u>(36,074,037)</u>	<u>(1,988,377)</u>	<u>263,626</u>	<u>(23,663)</u>	<u>(37,822,451)</u>
<b>Net Depreciable</b>					
Capital Assets	40,960,599	820,891	(1,123,949)	35,024	40,692,565
<b>Net Capital Assets</b>	<u>\$ 49,558,600</u>	<u>\$ 826,584</u>	<u>\$ (77,625)</u>	<u>\$ 35,024</u>	<u>\$ 50,342,583</u>

<b>Discretely Presented Component Unit:</b>	Balance 10/1/2020	Additions/ Completions	Disposals	Balance 9/30/2021
<b><u>Non-Depreciable Capital Assets:</u></b>				
Land & Land Rights	\$ 1,404,032	\$ -	\$ -	\$ 1,404,032
Construction in Progress	-	-	-	-
<b>Total Non-Depreciable Capital Assets</b>	<u>1,404,032</u>	<u>-</u>	<u>-</u>	<u>1,404,032</u>
<b><u>Depreciable Capital Assets:</u></b>				
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>
<b>Less Accumulated Depreciation:</b>				
Office Mach. & Equip.	(1,545)	-	-	(1,545)
Buildings	(1,306,126)	(128,781)	-	(1,434,907)
	<u>(1,307,671)</u>	<u>(128,781)</u>	<u>-</u>	<u>(1,436,452)</u>
<b>Net Depreciable Capital Assets</b>	<u>2,514,966</u>	<u>(128,781)</u>	<u>-</u>	<u>2,386,185</u>
<b>Net Capital Assets</b>	<u>\$ 3,918,998</u>	<u>\$ (128,781)</u>	<u>\$ -</u>	<u>\$ 3,790,217</u>

**CITY OF GAINESVILLE, TEXAS**  
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Capital asset balances of individual proprietary funds as of September 30, 2021 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	\$ 264,590	\$ 100,000	\$ 1,595,563	\$ -	\$ -	\$ 1,960,153
Land & Land Rights	114,517	206,702	-	7,338,590	30,056	7,689,865
	<u>379,107</u>	<u>306,702</u>	<u>1,595,563</u>	<u>7,338,590</u>	<u>30,056</u>	<u>9,650,018</u>
<u>Depreciable Capital Assets:</u>						
Motorized Vehicles	2,323,791	189,145	2,887,973	1,101,903	271,075	6,773,887
Machinery & Equip.	1,974,735	183,072	1,764,325	34,121	36,895	3,993,148
Office Equip, Furn & Fixtures	210,202	85,614	34,244	25,075	-	355,135
Buildings	16,630,077	876,395	1,156,810	-	70,708	18,733,990
Improvements	9,662,015	6,324,614	52,746	11,751,708	471,366	28,262,449
Plant In Service-Water	14,317,050	-	-	-	-	14,317,050
Plant In Service-Sewer	6,079,357	-	-	-	-	6,079,357
	<u>51,197,227</u>	<u>7,658,840</u>	<u>5,896,098</u>	<u>12,912,807</u>	<u>850,044</u>	<u>78,515,016</u>
<u>Less Accumulated Depreciation:</u>						
Motorized Vehicles	(1,395,496)	(133,540)	(1,799,393)	(704,877)	(208,890)	(4,242,196)
Machinery & Equip.	(1,579,995)	(154,919)	(1,424,663)	(34,122)	(36,895)	(3,230,594)
Office Equip, Furn & Fixtures	(185,040)	(17,972)	(34,244)	(9,418)	-	(246,674)
Buildings	(1,616,267)	(645,555)	(1,011,904)	-	(70,708)	(3,344,434)
Improvements	(3,653,649)	(4,524,605)	(18,436)	(2,130,048)	(433,657)	(10,760,395)
Plant In Service-Water	(10,948,114)	-	-	-	-	(10,948,114)
Plant In Service-Sewer	(5,050,044)	-	-	-	-	(5,050,044)
	<u>(24,428,605)</u>	<u>(5,476,591)</u>	<u>(4,288,640)</u>	<u>(2,878,465)</u>	<u>(750,150)</u>	<u>(37,822,451)</u>
Net Depreciable Capital Assets	26,768,622	2,182,249	1,607,458	10,034,342	99,894	40,692,565
Net Capital Assets	<u>\$ 27,147,729</u>	<u>\$ 2,488,951</u>	<u>\$ 3,203,021</u>	<u>\$ 17,372,932</u>	<u>\$ 129,950</u>	<u>\$ 50,342,583</u>

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

Governmental Activities:

General Government	\$ 237,192
Public Safety	516,599
Public Works	<u>1,064,082</u>
	<u>\$ 1,817,873</u>

Discretely Presented Component Unit:

Gainesville Economic Development Corp	<u>\$ 128,781</u>
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Proprietary Funds:

Water & Sewer	\$ 1,075,320
Airport	288,610
Solid Waste	183,129
Stormwater	434,320
Golf Course	<u>6,998</u>
	<u>\$ 1,988,377</u>

**E. Accounts Payable**

Accounts payable as of September 30, 2021, 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	\$ 310,762	\$ 39,925	\$ 267,647	\$ 618,334
Court Costs Payable	36,311	-	-	36,311
Other Payable	12,572	-	-	12,572
Accrued Payroll & Benefit	244,868	-	-	244,868
	<u>\$ 604,513</u>	<u>\$ 39,925</u>	<u>\$ 267,647</u>	<u>\$ 912,085</u>

	Proprietary Funds					
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	Total
Vendor Payables	\$ 157,723	\$ 106,038	\$ 333,840	\$ 154,768	\$ 19,074	\$ 771,443
Accrued Comp. Absences	31,330	4,242	29,781	-	4,607	69,960
Accrued Payroll & Benefit	24,892	1,924	13,834	2,113	2,964	45,727
Deposits Payable	261,753	-	4,570	-	-	266,323
Interest Payable	63,625	125	13,284	16,296	68	93,398
Totals	<u>\$ 539,323</u>	<u>\$ 112,329</u>	<u>\$ 395,309</u>	<u>\$ 173,177</u>	<u>\$ 26,713</u>	<u>\$ 1,246,851</u>

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**F. Long-Term Debt**

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

As of September 30, 2021, 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	39,000	39,000
PNC Equipment Finance	3.84%	2019	2023	634,383	268,176	131,561
<b>Total Capital Leases</b>					<u>307,176</u>	<u>170,561</u>
<b>General Obligation Bonds:</b>						
Series 2012	2.0-3.0%	2012	2024	2,422,557	316,701	102,825
Series 2014 Ref	3.5-4.0%	2014	2034	4,765,000	1,361,100	81,900
Series 2016 Ref	2.25-4.0%	2016	2036	9,215,000	2,890,600	580,660
Series 2017 Ref	4.0%	2018	2028	1,801,007	985,910	134,095
Series 2020 Ref	1.01%	2020	2030	2,975,000	1,210,500	128,250
<b>Total General Obligation Bonds</b>					<u>6,764,811</u>	<u>1,027,730</u>
<b>Certificates of Obligation Bonds:</b>						
Series 2012	2.0-3.5%	2012	2032	2,219,000	558,000	43,500
Series 2018	3.0-3.4%	2018	2038	3,989,860	3,622,728	164,670
<b>Total Certificates of Obligation Bonds</b>					<u>4,180,728</u>	<u>208,170</u>
<b>Total Long-Term Debt - Governmental Activities</b>					<u>\$ 11,252,715</u>	<u>\$ 1,406,461</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 10/1/2020	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2021
<b>Capital Leases:</b>					
KS State Bank	\$ 78,000	\$ -	\$ -	(39,000)	\$ 39,000
PNC Equipment Finance	394,872	-	-	\$ (126,696)	268,176
<b>Total Capital Leases</b>	<u>472,872</u>	<u>-</u>	<u>-</u>	<u>(165,696)</u>	<u>307,176</u>
<b>General Obligation Bonds:</b>					
Series 2012	419,526	-	-	(102,825)	316,701
Series 2014	1,441,050	-	-	(79,950)	1,361,100
Series 2016 Ref	3,452,588	-	-	(561,988)	2,890,600
Series 2017 Ref	1,117,942	-	-	(132,032)	985,910
Series 2020 Ref	1,338,750	-	-	(128,250)	1,210,500
<b>Total GO Bonds</b>	<u>7,769,856</u>	<u>-</u>	<u>-</u>	<u>(1,005,045)</u>	<u>6,764,811</u>
<b>Certificates of Obligation Bonds:</b>					
Series 2012	600,000	-	-	(42,000)	558,000
Series 2018	3,784,698	-	-	(161,970)	3,622,728
<b>Total CO Bonds</b>	<u>4,384,698</u>	<u>-</u>	<u>-</u>	<u>(203,970)</u>	<u>4,180,728</u>
Premium/Discount	727,134	-	-	(42,163)	684,971
<b>Total Capital Leases and Bonds</b>	<u>\$ 13,354,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,416,874)</u>	<u>\$ 11,937,686</u>

The annual requirements to amortize debt outstanding as of September 30, 2021, including interest payments of \$2,179,006 follow:

**CITY OF GAINESVILLE, TEXAS**  
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Fiscal Year Sep. 30,	General Obligation Bonds, Certificates of Obligation & Capital Leases		
	Principal	Interest	Total
2022	1,406,461	307,780	1,714,241
2023	1,040,080	269,970	1,310,050
2024	936,510	238,192	1,174,702
2025	849,262	212,199	1,061,461
2026	877,381	189,556	1,066,937
2027-2031	3,284,205	675,173	3,959,378
2032-2036	2,327,016	267,917	2,594,933
2037-2038	531,800	18,219	1,081,819
	<u>\$ 11,252,715</u>	<u>\$ 2,179,006</u>	<u>\$ 13,963,521</u>

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**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**2. Business-Type Activities Long-Term Debt**

As of September 30, 2021, 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	279,000	21,750
Series 2013	4%-2.75%	2013	2033	5,730,000	3,920,000	275,000
Series 2015	4%-2.75%	2015	2035	9,215,000	7,370,000	410,000
General Obligation Bonds:						
Series 2014	3.5-4.0%	2014	2034	1,467,000	1,256,400	75,600
Series 2016 Ref	2.25-4.0%	2016	2036	433,257	1,306,416	132,050
Series 2017 Ref	4.0%	2018	2028	1,191,663	798,942	108,615
Series 2020 Ref	1.01%	2020	2030	773,500	699,400	74,100
					15,630,158	1,097,115
<u>Municipal Airport</u>						
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	72,009	26,126	12,002
<u>Solid Waste Utility</u>						
Certificates of Obligation Bonds:						
Series 2018	3.0-3.4%	2018	2038	3,400,140	3,087,271	140,330
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	607,079	220,256	101,180
					3,307,527	241,510
<u>Stormwater Utility</u>						
Certificates of Obligation Bonds:						
Series 2012	2.0-3.5%	2012	2032	1,468,500	1,023,000	79,750
General Obligation Bonds:						
Series 2012	2.0-3.0%	2012	2024	522,443	68,299	22,175
Series 2014	3.5-4.0%	2014	2034	1,018,750	872,500	52,500
Series 2016 Ref	2.25-4.0%	2016	2036	347,750	1,367,416	122,591
Series 2017 Ref	4.0%	2018	2028	905,320	605,148	82,290
Series 2020 Ref	1.01%	2020	2030	862,750	780,100	82,650
					4,716,463	441,956
<u>Municipal Golf Course</u>						
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	39,102	14,187	6,517
Total Bonds - Proprietary Funds Activities					\$ 23,694,461	\$ 1,799,100

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

	Balance 10/1/2020	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2021
<b>Water and Sewer Utility</b>					
Certificates of Obligation Bonds:					
Series 2012	300,000	-	-	(21,000)	279,000
Series 2013	4,180,000	-	-	(260,000)	3,920,000
Series 2015	7,765,000	-	-	(395,000)	7,370,000
General Obligation Bonds:					
Series 2014	1,330,200	-	-	(73,800)	1,256,400
Series 2016	1,434,650	-	-	(128,234)	1,306,416
Series 2017	905,885	-	-	(106,943)	798,942
Series 2020	773,500	-	-	(74,100)	699,400
Discount/Premium	832,513	-	-	(52,506)	780,007
	<u>17,521,748</u>	<u>-</u>	<u>-</u>	<u>(1,111,583)</u>	<u>16,410,165</u>
<b>Municipal Airport</b>					
General Obligation Bonds:					
Series 2016	37,719	-	-	(11,593)	26,126
Discount/Premium	3,872	-	-	(252)	3,620
	<u>41,591</u>	<u>-</u>	<u>-</u>	<u>(11,845)</u>	<u>29,746</u>
<b>Solid Waste Utility</b>					
Certificates of Obligation Bonds:					
Series 2018	3,225,301	-	-	(138,030)	3,087,271
General Obligation Bonds:					
Series 2016	317,994	-	-	(97,738)	220,256
Discount/Premium	32,640	-	-	(2,122)	30,518
	<u>3,575,935</u>	<u>-</u>	<u>-</u>	<u>(237,890)</u>	<u>3,338,045</u>
<b>Stormwater Utility</b>					
General Obligation Bonds:					
Series 2012	90,474	-	-	(22,175)	68,299
Series 2014	923,750	-	-	(51,250)	872,500
Series 2016	1,486,567	-	-	(119,151)	1,367,416
Series 2017	686,172	-	-	(81,024)	605,148
Series 2020	862,750	-	-	(82,650)	780,100
Certificates of Obligation Bonds:					
Series 2012	1,100,000	-	-	(77,000)	1,023,000
Discount/Premium	99,706	-	8,883	(7,791)	100,798
	<u>5,249,419</u>	<u>-</u>	<u>8,883</u>	<u>(441,041)</u>	<u>4,817,261</u>
<b>Municipal Golf Course</b>					
General Obligation Bonds:					
Series 2016	20,482	-	-	(6,295)	14,187
Discount/Premium	2,102	-	-	(136)	1,966
	<u>22,584</u>	<u>-</u>	<u>-</u>	<u>(6,431)</u>	<u>16,153</u>
<b>Totals</b>	<u>\$ 26,411,277</u>	<u>\$ -</u>	<u>\$ 8,883</u>	<u>\$ (1,808,790)</u>	<u>\$ 24,611,370</u>

**City of Gainesville, Texas**  
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**Water and Sewer Utility**

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	706,750	370,362	1,077,112	390,365	106,047	496,412	1,097,115	476,409	1,573,524
2023	742,500	337,427	1,079,927	345,916	95,853	441,769	1,088,416	433,280	1,521,696
2024	773,250	304,620	1,077,870	357,370	86,389	443,759	1,130,620	391,009	1,521,629
2025	799,000	277,825	1,076,825	366,343	76,585	442,928	1,165,343	354,410	1,519,753
2026	819,750	255,628	1,075,378	378,288	67,254	445,542	1,198,038	322,882	1,520,920
2027-2031	4,488,500	899,050	5,387,550	1,437,067	217,253	1,654,320	5,925,567	1,116,303	7,041,870
2032-2036	3,239,250	195,374	3,434,624	785,809	55,798	841,607	4,025,059	251,172	4,276,231
	<u>\$ 11,569,000</u>	<u>\$ 2,640,286</u>	<u>\$ 14,209,286</u>	<u>\$ 4,061,158</u>	<u>\$ 705,179</u>	<u>\$ 4,766,337</u>	<u>\$ 15,630,158</u>	<u>\$ 3,345,465</u>	<u>\$ 18,975,623</u>

**Municipal Airport Fund**

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2022	12,002	739	12,741
2023	3,347	433	3,780
2024	3,429	297	3,726
2025	3,592	155	3,747
2026	3,756	42	3,798
	<u>\$ 26,126</u>	<u>\$ 1,666</u>	<u>\$ 27,792</u>

**Solid Waste Utility**

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	140,330	93,603	233,933	101,180	6,233	107,413	241,510	99,836	341,346
2023	144,932	89,323	234,255	28,220	3,645	31,865	173,152	92,968	266,120
2024	149,532	84,907	234,439	28,909	2,502	31,411	178,441	87,409	265,850
2024	154,133	80,353	234,486	30,285	1,318	31,603	184,418	81,671	266,089
2025	158,735	75,658	234,393	31,662	356	32,018	190,397	76,014	266,411
2027-2031	871,890	302,517	1,174,407	-	-	-	871,890	302,517	1,174,407
2032-2036	1,014,521	160,182	1,174,703	-	-	-	1,014,521	160,182	1,174,703
2037-2038	453,198	15,526	468,724	-	-	-	453,198	15,526	468,724
	<u>\$ 3,087,271</u>	<u>902,069</u>	<u>3,989,340</u>	<u>220,256</u>	<u>14,054</u>	<u>234,310</u>	<u>3,307,527</u>	<u>916,123</u>	<u>4,223,650</u>

**City of Gainesville, Texas**  
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**Storwater Utility**

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	79,750	28,784	108,534	362,206	93,036	455,242	441,956	121,820	563,776
2023	82,500	26,543	109,043	327,301	83,806	411,107	409,801	110,349	520,150
2024	85,250	23,608	108,858	338,889	75,012	413,901	424,139	98,620	522,759
2024	88,000	21,016	109,016	322,433	66,266	388,699	410,433	87,282	497,715
2025	90,750	18,781	109,531	332,641	58,415	391,056	423,391	77,196	500,587
2027-2031	489,500	54,245	543,745	1,293,839	191,750	1,485,589	1,783,339	245,995	2,029,334
2032-2036	107,250	1,662	216,162	716,154	52,727	768,881	823,404	54,389	877,793
	<u>\$ 1,023,000</u>	<u>\$ 174,639</u>	<u>\$ 1,304,889</u>	<u>\$ 3,693,463</u>	<u>\$ 621,012</u>	<u>\$ 4,314,475</u>	<u>\$ 4,716,463</u>	<u>\$ 795,651</u>	<u>\$ 5,512,114</u>

**Golf Course Fund**

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2022	6,517	402	6,919
2023	1,818	235	2,053
2024	1,862	161	2,023
2024	1,951	85	2,036
2025	2,039	23	2,062
	<u>\$ 14,187</u>	<u>\$ 906</u>	<u>15,093</u>

**CITY OF GAINESVILLE, TEXAS**  
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**3. Component Unit Long-Term Debt**

As of September 30, 2021, 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	923,640	262,720

The changes in GEDC debt are as follows:

	Balance 10/1/2020	Increase	Decrease	Balance 9/30/2021
Series 2014 Bond	\$ 1,149,511	-	(225,871)	\$ 923,640

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

Fiscal Year	Principal	Interest	Total
2022	262,720	122,588	385,308
2023	305,581	79,727	385,308
2024	355,339	29,969	385,308
	<u>\$ 923,640</u>	<u>\$ 232,284</u>	<u>\$ 1,155,924</u>

**4. Defeased Debt**

As of September 30, 2021, the following defeased bonds remain outstanding:

	<u>Amount</u>
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**

N/A

**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 has been increased to adjust for inflation. The balance of the liability at September 30, 2021 was \$720,758 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, 2021 was an increase of \$8,370.

**CITY OF GAINESVILLE, TEXAS**  
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**G. Compensated Absences**

The activity related to compensated absences is as follows:

	Compensated Absences 10/1/2020	Earned	Used	Compensated Absences 9/30/2021	Current Portion
Governmental Funds	\$ 666,085	\$ 576,682	\$ 515,940	\$ 726,827	\$ 363,414
Proprietary Funds:					
Water & Sewer	54,947	51,038	43,326	62,659	31,329
Airport Fund	9,075	3,626	4,218	8,483	4,242
Stormwater Utility	2,052	2,755	2,107	2,700	1,350
Solid Waste	2,857	56,733	29,809	29,781	14,890
Golf Course	9,426	7,162	7,373	9,215	4,608
Component Unit	4,136	14,967	11,952	7,151	2,483
	<u>\$ 748,578</u>	<u>\$ 712,963</u>	<u>\$ 614,725</u>	<u>\$ 846,816</u>	<u>\$ 422,316</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 \$9,180,278 and Nonspendable Fund Balance of \$6,718 at September 30, 2021.

**Other Major Funds**

The Assigned Projects Fund has Assigned Fund Balance of \$7,747,633 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, FEMA, American Recovery Grant, 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.

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

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	<b>Government Wide</b>	<b>Solid Waste Fund</b>
Capital assets net of accumulated depreciation	\$ 31,377,640	\$ 3,203,021
Deferred Loss on Refunding	299,949	37,206
Less: Bonds & leases payable	(11,937,686)	(3,338,045)
Add back unspent bond funds	1,802,237	2,910,952
Net investment in capital assets	\$ 21,542,140	\$ 2,813,134

**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, 2021, 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 2021, the City was covered under a general liability insurance policy plan with a combined single limit of \$1 million at a cost it considered being economically justifiable.

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

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

**B. Contingent Liabilities**

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

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

**C. Contracts**

**Quality Inn (formerly Holiday Inn)** – In 1982, the City entered into an agreement with the Holiday Inn Corporation, with an initial term of fifty years. In the agreement, the Holiday Inn agreed to lease approximately 5 acres of City-owned park property, for the purpose of constructing a hotel facility on the property. The terms of the lease agreement state that the Holiday Inn is to pay the City a total of \$1,210,000 in lease payments, due in annual installments of \$10,000 in 1983, \$50,000 from 1984

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

Greater Texoma Utility Authority (GTUA) – The City has entered into various contracts with the Greater Texoma Utility Authority (GTUA), whereby GTUA provides water and sewer services to the City. As part of the contractual agreements, GTUA issues debt for the benefit of the City, the proceeds of which are used to finance construction of water and sewer facilities and infrastructure within the City. Although this debt is not that of the City, the City is contractually obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues. During the year ended September 30, 2021, the City paid \$721,646 to GTUA in accordance with these contracts.

The audited financial statements of the year ended September 30, 2021, for GTUA, issued by the GTUA's independent auditors, reflected total assets for the City projects as \$6,433,294, deferred outflows of resources of \$6,817, liabilities of \$5,409,260, and total net position of \$1,030,851. Additionally, total revenues and expenses for the City's projects were \$702,771 and \$770,238, respectively. Revenues, as reported, included investment income of \$4,981.

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, 2021 was \$2,825,000.

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, 2021 was \$1,420,000.

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, 2021 was \$735,000.

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, 2021 was \$350,000.

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
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	435,000	75,685	510,685
2027-2031	2,330,000	218,459	2,548,459
2032-2033	570,000	8,356	578,356
	<u>\$ 5,330,000</u>	<u>\$ 700,885</u>	<u>\$ 6,030,885</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, 2021, 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, 2021, financial statements of GTUA. During the year ended September 30, 2021, the City paid \$288,765 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
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	262,440	32,410	294,850
2027-2030	1,082,160	66,200	1,148,360
	<u>\$ 2,330,640</u>	<u>\$ 280,328</u>	<u>\$ 2,610,968</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	Gainesville Transfer Station	475,246	92,595	382,651
AUI Partners, LLC	Gainesville Transfer Station	2,189,922	1,174,803	1,015,119
Kimley Horn	Sump Bond Package K	258,500	246,637	11,863
Kimley Horn	WWTP Tertiary Treatment Evaluation	30,000	3,000	27,000
Kimley Horn	I35 Utilities Relocation	299,500	281,479	18,021
Kimley Horn	2021 WWTP UV Disinfection Technology	148,000	-	148,000
Kimley Horn	2021 WWTP Cloth Media Filter Technology	250,000	-	250,000
Kimley Horn	Utilities Replacement Project	48,800	-	48,800
Lynn Vessels Constructon LLC	Sump K	1,333,673	1,193,241	140,432
Texas Department of Trans	2021 Runway 1836 Rehab	4,665,000	100,000	4,565,000

**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
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
2022	10,036
2023	8,057
2024	6,894
2025	518
Total	<u>\$ 25,505</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 Board and reports directly to the Board. The City of Gainesville does not guarantee bonds issued by the GHA.

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**G. Jointly Governed Organizations**

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

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

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

**H. Joint Ventures**

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

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

Each member government appoints one member to serve on the Board of Directors of TASWA. Neither of the governments represents a voting majority on the Board; however, the Cities retain an ongoing financial responsibility to TASWA. Bonds issued in April 2004 by TASWA are secured by contractual payments to be made by the Cities to TASWA for solid waste disposal. The Cities have pledged to deliver a guaranteed annual tonnage to the Facility, based on each City's respective waste volume history. During the fiscal year-end June 30, 2008, an additional \$2,415,000 was issued to construct sector II of the landfill. At TASWA's fiscal year-end, June 30, 2004, the City's guaranteed proportionate share was 28.7%. TASWA may encourage the delivery of waste from other entities. This would allow TASWA to fund additional reserves and possibly lower the tip fees to the Cities. The outstanding balance of TASWA's bonds at June 30, 2021, was \$7,000,000. 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 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**B. Benefits Provided**

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

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times with would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount, which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

	2020
Inactive employees or beneficiaries currently receiving benefits	153
Inactive employees entitled to but not yet receiving benefits	142
Active employees	214
	509

**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 11.85% and 12.17% in calendar years 2021 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2021 were \$1,614,216.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 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, 2021**

***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, 2021**

***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 12/31/2019	\$ 51,339,696	\$42,830,612	\$ 8,509,084	\$ 8,342,442	\$166,642
Changes for the year:					
Service Cost	1,399,262	-	1,399,262	1,371,833	27,429
Interest	3,434,978	-	3,434,978	3,367,488	67,490
Change in benefit terms including substantively automatic status	-	-	-	-	-
Difference between expected and actual expense	52,630	-	52,630	51,598	1,032
Changes of assumptions	-	-	-	-	-
Contributions-employer	-	1,491,158	(1,491,158)	(1,461,928)	(29,230)
Contributions-employees	-	735,164	(735,164)	(720,753)	(14,411)
Net investment income	-	3,249,841	(3,249,841)	(3,186,136)	(63,705)
Benefit payments, including refunds of employee contributions	(2,301,534)	(2,301,534)	-	-	-
Administrative expense	-	(21,037)	21,037	20,625	412
Other changes	-	(821)	821	805	16
Net change	<u>2,585,336</u>	<u>3,152,771</u>	<u>(567,435)</u>	<u>(556,468)</u>	<u>(10,967)</u>
Balance at 12/31/2020	<u>\$ 53,925,032</u>	<u>\$45,983,383</u>	<u>\$ 7,941,649</u>	<u>\$ 7,785,974</u>	<u>\$ 155,675</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>\$ 15,631,235</u>	<u>\$ 7,785,974</u>	<u>\$ 1,396,028</u>
Component unit pension liability	<u>\$ 312,535</u>	<u>\$ 155,675</u>	<u>\$ 27,913</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, 2021. The city recognized pension expense of \$639,293 and the component unit recognized expense of \$15,720.

At September 30, 2021, 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, 2021**

	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	\$ 112,817	\$ 135,508	\$ 2,256	\$ 3,376
Changes in actuarial assumptions	52,025	-	1,040	-
Difference between projected and actual investment earnings	-	1,169,913	-	23,390
Contributions subsequent to the measurement date	1,166,646	-	22,070	-
<b>Total</b>	<b>\$ 1,331,488</b>	<b>\$ 1,305,421</b>	<b>\$ 25,366</b>	<b>\$ 26,766</b>

\$1,331,488 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. \$25,366 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,		
2021	\$ (485,047)	\$ (9,698)
2022	105,342	2,106
2023	(691,177)	(13,820)
2024	(70,348)	(1,407)
2025	-	-
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.

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	2020
Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	32
Active employees	214
	359

**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, 2020, actuarial valuation are as follows:

follows:

Inflation	2.50%
Salary increases	3.5% to 11.5% including inflation
Discount Rate *	2.00%
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.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of 12/31/2020.

**E. Total OPEB Liability**

The City's total OPEB liability of \$922,600 was measured as of December 31, 2020 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, 2021.

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

	Total OPEB Liability	Total OPEB Liability City Portion	Total OPEB Liability Component Unit
Total OPEB liability - Balance at beginning of year	\$ 777,989	\$ 762,740	\$ 15,249
Changes for the year:			
Service Cost	29,407	28,831	576
Interest on total OPEB liability	21,681	21,256	425
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(11,166)	(10,947)	(219)
Changes of assumptions or other inputs	113,266	111,046	2,220
Benefit payments	(8,577)	(8,409)	(168)
Net change	144,611	141,777	2,834
Total OPEB liability - End of year	\$ 922,600	\$ 904,517	\$ 18,083

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$85,608.

At September 30, 2021, 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	\$ 610	\$ 36,898	\$ 12	738
Changes in assumptions and other inputs	176,628	19,562	3,528	390
Contributions subsequent to the measurement date	25,458	-	509	-
Total	\$ 202,696	\$ 56,460	\$ 4,049	\$ 1,128

Benefit payments subsequent to the measurement date and before fiscal year-end of \$25,458 for the City and \$509 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	\$ 33,843	\$ 677
2022	29,847	597
2023	28,585	571
2024	24,283	485
2025	4,221	84
Thereafter	-	-

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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%) that the current discount rate:

	1% Decrease in Discount Rate 1.75%	Current Discount Rate 2.75%	1% Increase in Discount Rate 3.75%
City's net OPEB liability	\$ 1,088,222	\$ 904,517	\$ 760,751
	1% Decrease in Discount Rate 2.31%	Current Discount Rate 3.31%	1% Increase in Discount Rate 4.31%
Component unit's net OPEB	\$ 21,756	\$ 18,083	\$ 15,209

**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, 2021, the City abated property taxes totaling \$100,515 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 \$24,542.
- A 90% property tax abatement for real property improvement to stimulate economic development. tax abatement amounted to \$75,305.

**K. Subsequent Events**

The City's management has evaluated subsequent events through March 10, 2022, 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, 2021**

	<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	\$ 6,149,647	\$ 6,217,000	\$ 6,448,907	\$ 231,907
Sales Taxes	4,965,000	5,040,859	6,037,291	996,432
Franchise Fees	1,182,000	1,196,000	1,209,805	13,805
Mixed Beverage Tax	35,000	28,000	36,267	8,267
Service Charges	1,035,500	1,026,000	1,222,294	196,294
License & Permits	308,750	419,000	566,171	147,171
Fines & Forfeitures	461,200	278,700	328,896	50,196
Investment Income	90,000	5,190	6,352	1,162
Intergovernmental Revenues	-	8,515	9,616	1,101
Other Income	149,710	417,403	475,201	57,798
<b>TOTAL REVENUES</b>	<b>14,376,807</b>	<b>14,636,667</b>	<b>16,340,800</b>	<b>1,704,133</b>
<b>EXPENDITURES:</b>				
Current				
General Government				
Administration	594,611	609,713	579,202	30,511
Human Resources	231,494	237,942	242,655	(4,713)
Information Technology	236,286	252,563	247,836	4,727
Building Operations	63,741	66,361	56,895	9,466
Public Assistance Programs	144,450	144,450	119,400	25,050
Municipal Court	299,932	290,638	274,374	16,264
Civic Center Operations	245,446	245,284	187,349	57,935
Total General Government	<u>1,815,960</u>	<u>1,846,951</u>	<u>1,707,711</u>	<u>139,240</u>
Community Development	-			
Planning and Zoning	322,841	342,245	335,621	6,624
Code Compliance	276,601	216,232	153,385	62,847
Total Community Development	<u>599,442</u>	<u>558,477</u>	<u>489,006</u>	<u>69,471</u>
Finance	<u>582,501</u>	<u>606,829</u>	<u>586,365</u>	<u>20,464</u>
Public Safety				
Police	5,750,125	5,665,901	5,274,039	391,862
Emergency Management	37,693	37,945	37,269	676
Fire	4,417,950	4,620,889	4,548,204	72,685
Total Public Safety	<u>10,205,768</u>	<u>10,324,735</u>	<u>9,859,512</u>	<u>465,223</u>
Public Works				
Administration	94,807	98,029	96,203	1,826
Street Maintenance	857,106	864,186	849,885	14,301
Central Garage	273,507	272,673	265,161	7,512
Parks and Recreation Operations	943,112	952,534	794,904	157,630
Zoo Operations	1,332,005	1,287,709	1,235,008	52,701
Cemetery Operations	316,476	309,517	286,972	22,545
Total Public Works	<u>3,817,013</u>	<u>3,784,648</u>	<u>3,528,133</u>	<u>256,515</u>

**CITY OF GAINESVILLE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**(Continued)**

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Non Departmental	-	-	1,002	(1,002)
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	52,500	97,387	100,114	(2,727)
<b>TOTAL EXPENDITURES</b>	<u>17,073,184</u>	<u>17,219,027</u>	<u>16,271,843</u>	<u>947,184</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,696,377)</u>	<u>(2,582,360)</u>	<u>68,957</u>	<u>2,651,317</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Funds Transferred In	2,926,355	2,896,355	2,903,731	7,376
Funds Transferred Out	(195,000)	(180,000)	(2,838,693)	(2,658,693)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,731,355</u>	<u>2,716,355</u>	<u>65,038</u>	<u>(2,651,317)</u>
<b>NET CHANGE IN FUND BALANCES</b>	34,978	133,995	133,995	-
<b>FUND BALANCE - October 1</b>	<u>9,053,001</u>	<u>9,053,001</u>	<u>9,053,001</u>	-
<b>FUND BALANCE - September 30</b>	<u>\$ 9,087,979</u>	<u>\$ 9,186,996</u>	<u>\$ 9,186,996</u>	<u>\$ -</u>

**CITY OF GAINESVILLE, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Measurement Year 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	\$ 1,399,262	\$ 1,384,495	\$ 1,311,903	\$ 1,044,140	\$ 1,032,475	\$ 983,604	\$ 904,131
Interest (on the total pension liability)	3,434,978	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	52,630	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	(2,301,534)	(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>2,585,336</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>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>37,491,367</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 53,925,032</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	\$ 1,491,158	\$ 1,683,674	\$ 1,090,028	\$ 1,041,967	\$ 991,986	\$ 1,006,406	\$ 1,106,406
Contributions - employee	735,164	725,499	568,908	543,257	532,753	518,232	524,860
Net investment income	3,249,841	5,706,203	(1,159,231)	4,746,611	2,191,755	48,641	1,808,335
Benefit payments, including refunds of employee contributions	(2,301,534)	(2,177,988)	(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)	(2,066,593)
Administrative expense	(21,037)	(32,257)	(22,409)	(24,603)	(24,783)	(29,628)	(18,881)
Other	(821)	(969)	(1,170)	(1,247)	(1,335)	(1,463)	(1,552)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,152,771</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>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>31,612,242</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 45,983,383</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>\$ 7,941,649</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>85.27%</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>\$ 12,252,735</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>64.82%</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, 2021**

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Actuarially determined contribution	1,614,216	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	<u>(1,614,216)</u>	<u>(1,470,524)</u>	<u>(1,603,100)</u>	<u>(1,061,273)</u>	<u>(1,048,344)</u>	<u>(1,024,989)</u>	<u>(1,047,978)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (223,002)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,060,381	\$ 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	12.36%	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, 2021**

**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	14 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, 2021**

	Measurement Year <u>December 31, 2020</u>	Measurement Year <u>December 31, 2019</u>	Measurement Year <u>December 31, 2018</u>	Measurement Year <u>December 31, 2017</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 29,407	\$ 20,556	\$ 23,894	\$ 19,557
Interest (on the total pension liability)	21,681	24,977	22,453	22,391
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(11,166)	(45,537)	1,357	-
Change of assumptions	113,266	119,281	(43,517)	49,108
Benefit payments, including refunds of employee contributions	(8,577)	(8,464)	(6,827)	(7,606)
<b>Net Change in Total OPEB Liability</b>	<u>144,611</u>	<u>110,813</u>	<u>(2,640)</u>	<u>83,450</u>
<b>Total OPEB Liability - Beginning</b>	777,989	667,176	669,816	586,366
<b>Total OPEB Liability - Ending</b>	<u>\$ 922,600</u>	<u>\$ 777,989</u>	<u>\$ 667,176</u>	<u>\$ 669,816</u>
 <b>Covered Payroll</b>	 12,252,735	 12,091,656	 11,378,167	 10,865,140
 ⊗ <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 7.53%	 6.43%	 5.86%	 6.16%

**CITY OF GAINESVILLE, TEXAS  
 NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**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	N/A
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	N/A
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	2.00%
Retirement age	N/A
Mortality	<p>Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. 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 3.52% 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.</p>
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, 2021**

	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	\$ 6,285	\$ 32,547	\$ 775,173	\$ 45	\$ -	\$ 22,374	\$ 348,083	\$ 28,076	\$ 66,456	\$ 202,718
Investments	-	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-
Other	-	-	96,507	-	-	-	-	-	-	5,110
Inventory	-	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,285</b>	<b>\$ 32,547</b>	<b>\$ 871,680</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ 22,374</b>	<b>\$ 348,083</b>	<b>\$ 28,076</b>	<b>\$ 66,456</b>	<b>\$ 207,828</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES:</b>										
Accounts Payable	\$ 1,779	\$ -	\$ 6,090	\$ -	\$ -	\$ 51	\$ 900	\$ 6,157	\$ 51	\$ -
Interfund Payable	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,779</b>	<b>-</b>	<b>6,090</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>900</b>	<b>6,157</b>	<b>51</b>	<b>-</b>
<b>DEREFERRED INFLOWS OF RESOURCES:</b>										
Unavailable Revenues	-	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>										
<b>Nonspendable:</b>										
Cemetery	-	-	-	-	-	-	-	-	-	-
<b>Restricted:</b>										
Debt Service	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-
Tourism and the Arts	-	-	865,590	-	-	-	-	-	-	-
Other	4,506	32,547	-	45	-	22,323	-	-	66,405	207,828
<b>Assigned:</b>										
Construction	-	-	-	-	-	-	347,183	-	-	-
Other	-	-	-	-	-	-	-	21,919	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUND BALANCES</b>	<b>4,506</b>	<b>32,547</b>	<b>865,590</b>	<b>45</b>	<b>-</b>	<b>22,323</b>	<b>347,183</b>	<b>21,919</b>	<b>66,405</b>	<b>207,828</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 6,285</b>	<b>\$ 32,547</b>	<b>\$ 871,680</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ 22,374</b>	<b>\$ 348,083</b>	<b>\$ 28,076</b>	<b>\$ 66,456</b>	<b>\$ 207,828</b>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2021**

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		DEBT SERVICE	PERMANENT FUNDS		TOTAL
	CORONAVIRUS FUND	FEMA FUND	AMERICAN RECOVERY GRANT	CAPITAL PROJECTS FUND	2018 CO BONDS	DEBT SERVICE FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
<b>ASSETS:</b>									
Cash	\$ 855,008	\$ -	\$ 2,092,106	\$ 893,062	\$ 1,802,237	\$ 1,916,579	\$ 1,685,620	\$ 11,327	\$ 10,737,696
Investments	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	56,432	-	-	56,432
Other	8,499	34,083	-	-	-	930	-	-	145,129
Inventory	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 863,507</b>	<b>\$ 34,083</b>	<b>\$ 2,092,106</b>	<b>\$ 893,062</b>	<b>\$ 1,802,237</b>	<b>\$ 1,973,941</b>	<b>\$ 1,685,620</b>	<b>\$ 11,327</b>	<b>\$ 10,939,257</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES:</b>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 252,619	\$ -	\$ -	\$ -	\$ 267,647
Interfund Payable	-	16,686	-	-	-	-	-	-	16,686
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>16,686</b>	<b>-</b>	<b>-</b>	<b>252,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,333</b>
<b>DEREFERRED INFLOWS OF RESOURCES:</b>									
Unavailable Revenues	-	-	-	-	-	56,432	-	-	\$ 56,432
<b>FUND BALANCES:</b>									
<b>Nonspendable:</b>									
Cemetery	-	-	-	-	-	-	1,685,620	-	1,685,620
<b>Restricted:</b>									
Debt Service	-	-	-	-	-	1,917,509	-	-	1,917,509
Construction	-	-	-	893,062	1,549,618	-	-	-	2,442,680
Tourism and the Arts	-	-	-	-	-	-	-	-	865,590
Other	-	-	-	-	-	-	-	11,327	344,981
<b>Assigned:</b>									
Construction	-	-	-	-	-	-	-	-	347,183
Other	863,507	17,397	2,092,106	-	-	-	-	-	2,994,929
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUND BALANCES</b>	<b>863,507</b>	<b>17,397</b>	<b>2,092,106</b>	<b>893,062</b>	<b>1,549,618</b>	<b>1,917,509</b>	<b>1,685,620</b>	<b>11,327</b>	<b>10,598,492</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 863,507</b>	<b>\$ 34,083</b>	<b>\$ 2,092,106</b>	<b>\$ 893,062</b>	<b>\$ 1,802,237</b>	<b>\$ 1,973,941</b>	<b>\$ 1,685,620</b>	<b>\$ 11,327</b>	<b>\$ 10,939,257</b>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	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	-	-	929,272	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	-	-	-	-
License & Permits	-	-	-	-	-	-	10,309	-	-	21,471
Fines & Forfeitures	8,158	9,573	-	-	-	10,420	-	-	-	-
Investment Income	15	74	900	2	1	75	576	51	132	402
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	293	2,707	-	-	-	-	57,617	-
<b>TOTAL REVENUES</b>	<b>8,173</b>	<b>9,647</b>	<b>930,465</b>	<b>2,709</b>	<b>1</b>	<b>10,495</b>	<b>576</b>	<b>10,360</b>	<b>57,749</b>	<b>21,873</b>
<b>EXPENDITURES</b>										
Current:										
General Government	-	-	202,067	-	-	-	769,451	-	-	61
Community Development	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	11,248	3,736	-	2,717	3,118	100	-	-	9,981	-
Public Works	-	-	-	-	-	-	-	9,157	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>11,248</b>	<b>3,736</b>	<b>202,067</b>	<b>2,717</b>	<b>3,118</b>	<b>100</b>	<b>769,451</b>	<b>9,157</b>	<b>9,981</b>	<b>61</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,075)</b>	<b>5,911</b>	<b>728,398</b>	<b>(8)</b>	<b>(3,117)</b>	<b>10,395</b>	<b>(768,875)</b>	<b>1,203</b>	<b>47,768</b>	<b>21,812</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-	-	-	-	-	-	-
Funds Transferred In	-	-	-	-	-	-	-	-	-	-
Funds Transferred Out	-	-	(352,750)	-	-	(13,000)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(352,750)</b>	<b>-</b>	<b>-</b>	<b>(13,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,075)</b>	<b>5,911</b>	<b>375,648</b>	<b>(8)</b>	<b>(3,117)</b>	<b>(2,605)</b>	<b>(768,875)</b>	<b>1,203</b>	<b>47,768</b>	<b>21,812</b>
<b>FUND BALANCE - October 1</b>	<b>7,581</b>	<b>26,636</b>	<b>489,942</b>	<b>53</b>	<b>3,117</b>	<b>24,928</b>	<b>1,116,058</b>	<b>20,716</b>	<b>18,637</b>	<b>186,016</b>
<b>FUND BALANCE - September 30</b>	<b>\$ 4,506</b>	<b>\$ 32,547</b>	<b>\$ 865,590</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ 22,323</b>	<b>\$ 347,183</b>	<b>\$ 21,919</b>	<b>\$ 66,405</b>	<b>\$ 207,828</b>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	SPECIAL REVENUE FUND			CONSTRUCTION PROJECTS		DEBT SERVICE	PERMANENT FUNDS		TOTAL
	CORONAVIRUS FUND	FEMA FUND	AMERICAN RECOVERY GRANT	CAPITAL PROJECTS FUND	2018 CO BONDS	DEBT SERVICE FUND	CEMETERY PERMANENT	COHEN SCHOLARSHIP	
<b>REVENUES</b>									
Taxes:									
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,257,578	\$ -	\$ -	2,257,578
Sales Taxes	-	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	-	-	929,272
Service Charges	-	-	-	-	-	-	-	-	10,309
License & Permits	-	-	-	-	-	-	-	-	21,471
Fines & Forfeitures	-	-	-	-	-	-	-	-	28,151
Investment Income	312	-	49	461	1,172	1,076	807	4	6,109
Intergovernmental Revenues	8,499	34,083	2,092,057	-	-	-	-	-	2,134,639
Other Income	-	7,513	-	-	-	36,592	71,663	-	176,385
<b>TOTAL REVENUES</b>	<b>8,811</b>	<b>41,596</b>	<b>2,092,106</b>	<b>461</b>	<b>1,172</b>	<b>2,295,246</b>	<b>72,470</b>	<b>4</b>	<b>5,563,914</b>
<b>EXPENDITURES</b>									
Current:									
General Government	1,661	1,664	-	-	-	135,878	-	-	1,110,782
Community Development	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-
Public Safety	1,108	10,618	-	-	-	-	-	-	42,626
Public Works	7,572	11,917	-	16,078	-	-	-	-	44,724
Debt Service:									
Principal	-	-	-	-	-	1,209,014	-	-	1,209,014
Interest	-	-	-	-	-	332,384	-	-	332,384
Bond Issuance Costs	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	282,716	1,263,374	-	-	-	1,546,090
<b>TOTAL EXPENDITURES</b>	<b>10,341</b>	<b>24,199</b>	<b>-</b>	<b>298,794</b>	<b>1,263,374</b>	<b>1,677,276</b>	<b>-</b>	<b>-</b>	<b>4,285,620</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,530)</b>	<b>17,397</b>	<b>2,092,106</b>	<b>(298,333)</b>	<b>(1,262,202)</b>	<b>617,970</b>	<b>72,470</b>	<b>4</b>	<b>1,278,294</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-	-	-	-	-	-
Funds Transferred In	-	-	-	491,398	-	151,917	-	-	643,315
Funds Transferred Out	-	-	-	(5,693)	(105,675)	(454,598)	(32,000)	-	(963,716)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>485,705</b>	<b>(105,675)</b>	<b>(302,681)</b>	<b>(32,000)</b>	<b>-</b>	<b>(320,401)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,530)</b>	<b>17,397</b>	<b>2,092,106</b>	<b>187,372</b>	<b>(1,367,877)</b>	<b>315,289</b>	<b>40,470</b>	<b>4</b>	<b>957,893</b>
<b>FUND BALANCE - October 1</b>	<b>865,037</b>	<b>-</b>	<b>-</b>	<b>705,690</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>
<b>FUND BALANCE - September 30</b>	<b>\$ 863,507</b>	<b>\$ 17,397</b>	<b>\$ 2,092,106</b>	<b>\$ 893,062</b>	<b>\$ 1,549,618</b>	<b>\$ 1,917,509</b>	<b>\$ 1,685,620</b>	<b>\$ 11,327</b>	<b>\$ 10,598,492</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, 2021**

	<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	27,000	2,400	1,991	(409)
Other Income	-	690,255	690,755	500
<b>TOTAL REVENUES</b>	<u>27,000</u>	<u>692,655</u>	<u>692,746</u>	<u>91</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Capital Outlay	248,558	954,568	692,763	261,805
Debt Service				
Principal Retirement	165,697	165,697	165,697	-
Interest and Fiscal Charges	15,163	15,163	15,163	-
<b>Total EXPENDITURES</b>	<u>429,418</u>	<u>1,135,428</u>	<u>873,623</u>	<u>261,805</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(402,418)</u>	<u>(442,773)</u>	<u>(180,877)</u>	<u>261,896</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	42,000	2,424,295	2,382,295
Funds Transferred Out	(234,000)	-	(182,000)	(182,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(234,000)</u>	<u>42,000</u>	<u>2,242,295</u>	<u>2,200,295</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(636,418)</u>	<u>(400,773)</u>	<u>2,061,418</u>	<u>2,462,191</u>
<b>FUND BALANCE - October 1</b>	<u>5,686,215</u>	<u>5,686,215</u>	<u>5,686,215</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 5,049,797</u>	<u>\$ 5,285,442</u>	<u>\$ 7,747,633</u>	<u>\$ 2,462,191</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, 2021**

	<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	\$ 2,148,770	\$ 2,188,783	\$ 2,257,578	\$ 68,795
Investment Income	25,000	1,500	1,076	(424)
Other Income	15,000	15,000	36,592	21,592
<b>TOTAL REVENUES</b>	<u>2,188,770</u>	<u>2,205,283</u>	<u>2,295,246</u>	<u>89,963</u>
<b>EXPENDITURES</b>				
Current:				
General Government	122,000	122,000	135,878	(13,878)
Debt Service				
Principal Retirement	1,209,014	1,209,014	1,209,014	-
Interest and Fiscal Charges	531,686	531,686	332,384	199,302
Debt Issuance Costs	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,862,700</u>	<u>1,862,700</u>	<u>1,677,276</u>	<u>185,424</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>326,070</u>	<u>342,583</u>	<u>617,970</u>	<u>275,387</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-
Funds Transferred In	151,917	151,917	151,917	-
Funds Transferred Out	(536,136)	(536,136)	(454,598)	81,538
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(384,219)</u>	<u>(384,219)</u>	<u>(302,681)</u>	<u>81,538</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(58,149)</u>	<u>(41,636)</u>	<u>315,289</u>	<u>356,925</u>
<b>FUND BALANCE - October 1</b>	<u>1,602,220</u>	<u>1,602,220</u>	<u>1,602,220</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 1,544,071</u>	<u>\$ 1,560,584</u>	<u>\$ 1,917,509</u>	<u>\$ 356,925</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, 2021**

	<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	\$ 7,000	\$ 8,158	\$ 1,158
Investment Income	80	13	15	2
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>12,080</u>	<u>7,013</u>	<u>8,173</u>	<u>1,160</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	<u>10,320</u>	<u>10,100</u>	<u>11,248</u>	<u>(1,148)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,760</u>	<u>(3,087)</u>	<u>(3,075)</u>	<u>12</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>	1,760	(3,087)	(3,075)	12
<b>FUND BALANCE - October 1</b>	<u>7,581</u>	<u>7,581</u>	<u>7,581</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 9,341</u>	<u>\$ 4,494</u>	<u>\$ 4,506</u>	<u>\$ 12</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, 2021**

	<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	\$ 7,500	\$ 9,573	\$ 2,073
Investment Income	150	70	74	4
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>10,150</u>	<u>7,570</u>	<u>9,647</u>	<u>2,077</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	2,000	4,223	3,736	487
Capital Outlay	2,000	400	-	400
<b>TOTAL EXPENDITURES</b>	<u>4,000</u>	<u>4,623</u>	<u>3,736</u>	<u>887</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,150</u>	<u>2,947</u>	<u>5,911</u>	<u>2,964</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>6,150</u>	<u>2,947</u>	<u>5,911</u>	<u>2,964</u>
<b>FUND BALANCE - October 1</b>	<u>26,636</u>	<u>26,636</u>	<u>26,636</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 32,786</u>	<u>\$ 29,583</u>	<u>\$ 32,547</u>	<u>\$ 2,964</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, 2021**

	<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	\$ 929,272	\$ 329,272
Investment Income	2,000	800	900	100
Other Income	-	294	293	(1)
<b>TOTAL REVENUES</b>	<u>602,000</u>	<u>601,094</u>	<u>930,465</u>	<u>329,371</u>
<b>EXPENDITURES</b>				
Current:				
General Government	228,800	198,800	202,067	(3,267)
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>228,800</u>	<u>198,800</u>	<u>202,067</u>	<u>(3,267)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>373,200</u>	<u>402,294</u>	<u>728,398</u>	<u>326,104</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(352,750)	(394,750)	(352,750)	42,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(352,750)</u>	<u>(394,750)</u>	<u>(352,750)</u>	<u>42,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	20,450	7,544	375,648	368,104
<b>FUND BALANCE - October 1</b>	<u>489,942</u>	<u>489,942</u>	<u>489,942</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 510,392</u>	<u>\$ 497,486</u>	<u>\$ 865,590</u>	<u>\$ 368,104</u>

**CITY OF GAINESVILLE, TEXAS**  
**LAW ENFORCEMENT OFFICER EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<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	60	2	2	-
Other Income	3,500	2,707	2,707	-
<b>TOTAL REVENUES</b>	<u>3,560</u>	<u>2,709</u>	<u>2,709</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	3,500	2,707	2,717	(10)
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>3,500</u>	<u>2,707</u>	<u>2,717</u>	<u>(10)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>60</u>	<u>2</u>	<u>(8)</u>	<u>(10)</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>2</u>	<u>(8)</u>	<u>(10)</u>
<b>FUND BALANCE - October 1</b>	<u>53</u>	<u>53</u>	<u>53</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 113</u>	<u>\$ 55</u>	<u>\$ 45</u>	<u>\$ (10)</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, 2021**

	<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	\$ 7,230	\$ 10,420	\$ 3,190
Investment Income	250	68	75	7
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>16,750</u>	<u>7,298</u>	<u>10,495</u>	<u>3,197</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,000	200	100	100
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,000</u>	<u>200</u>	<u>100</u>	<u>100</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,750</u>	<u>7,098</u>	<u>10,395</u>	<u>3,297</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(13,000)	(13,000)	(13,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(13,000)</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>	2,750	(5,902)	(2,605)	3,297
<b>FUND BALANCE - October 1</b>	<u>24,928</u>	<u>24,928</u>	<u>24,928</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 27,678</u>	<u>\$ 19,026</u>	<u>\$ 22,323</u>	<u>\$ 3,297</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, 2021**

	<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	\$ 15,000	\$ 10,000	\$ 10,309	\$ 309
Investment income	140	75	51	(24)
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>15,140</u>	<u>10,075</u>	<u>10,360</u>	<u>285</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	10,000	10,000	9,157	843
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>10,000</u>	<u>10,000</u>	<u>9,157</u>	<u>843</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,140</u>	<u>75</u>	<u>1,203</u>	<u>1,128</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>	5,140	75	1,203	1,128
<b>FUND BALANCE -OCTOBER 1</b>	<u>20,716</u>	<u>20,716</u>	<u>20,716</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 25,856</u>	<u>\$ 20,791</u>	<u>\$ 21,919</u>	<u>\$ 1,128</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, 2021**

	<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	\$ 12,500	\$ 21,471	\$ 8,971
Investment Income	2,500	400	402	2
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>15,000</u>	<u>12,900</u>	<u>21,873</u>	<u>8,973</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	61	61	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>61</u>	<u>61</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,000</u>	<u>12,839</u>	<u>21,812</u>	<u>8,973</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>12,839</u>	<u>21,812</u>	<u>8,973</u>
<b>FUND BALANCE - October 1</b>	<u>186,016</u>	<u>186,016</u>	<u>186,016</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 201,016</u>	<u>\$ 198,855</u>	<u>\$ 207,828</u>	<u>\$ 8,973</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, 2021**

	<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	-	1	1	-
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	3,118	3,118	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(3,117)</u>	<u>(3,117)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	(3,117)	(3,117)	-
<b>FUND BALANCE -OCTOBER 1</b>	<u>3,117</u>	<u>3,117</u>	<u>3,117</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 3,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GAINESVILLE, TEXAS**  
**STATE SEIZURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<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	400	96	132	36
Other income	800	56,366	57,617	1,251
<b>TOTAL REVENUES</b>	<u>1,200</u>	<u>56,462</u>	<u>57,749</u>	<u>1,287</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	5,920	15,687	9,981	5,706
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,920</u>	<u>15,687</u>	<u>9,981</u>	<u>5,706</u>
-				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,720)</u>	<u>40,775</u>	<u>47,768</u>	<u>6,993</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>(4,720)</u>	<u>40,775</u>	<u>47,768</u>	<u>6,993</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>18,637</u>	<u>18,637</u>	<u>18,637</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 13,917</u>	<u>\$ 59,412</u>	<u>\$ 66,405</u>	<u>\$ 6,993</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, 2021**

	BUDGET		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	2,000	500	576	76
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>2,000</u>	<u>500</u>	<u>576</u>	<u>76</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,125,877	1,116,558	769,451	347,107
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,125,877</u>	<u>1,116,558</u>	<u>769,451</u>	<u>347,107</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,123,877)</u>	<u>(1,116,058)</u>	<u>(768,875)</u>	<u>347,183</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>(1,123,877)</u>	<u>(1,116,058)</u>	<u>(768,875)</u>	<u>347,183</u>
<b>FUND BALANCE - October 1</b>	<u>1,116,058</u>	<u>1,116,058</u>	<u>1,116,058</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ (7,819)</u>	<u>\$ -</u>	<u>\$ 347,183</u>	<u>\$ 347,183</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, 2021**

	<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	30,000	1,100	807	(293)
Other income	20,000	30,000	71,663	41,663
<b>TOTAL REVENUES</b>	<u>50,000</u>	<u>31,100</u>	<u>72,470</u>	<u>41,370</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>50,000</u>	<u>31,100</u>	<u>72,470</u>	<u>41,370</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>	18,000	(900)	40,470	41,370
<b>FUND BALANCE -OCTOBER 1</b>	<u>1,645,150</u>	<u>1,645,150</u>	<u>1,645,150</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 1,663,150</u>	<u>\$ 1,644,250</u>	<u>\$ 1,685,620</u>	<u>\$ 41,370</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, 2021**

	<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	140	138	4	(134)
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>140</u>	<u>138</u>	<u>4</u>	<u>(134)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(60)</u>	<u>(62)</u>	<u>4</u>	<u>66</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>(62)</u>	<u>4</u>	<u>66</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>11,323</u>	<u>11,323</u>	<u>11,323</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 11,263</u>	<u>\$ 11,261</u>	<u>\$ 11,327</u>	<u>\$ 66</u>



Statistical Section

## STATISTICAL SECTION

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

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	105
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources that include charges for services in the Water & Sewer Fund and Solid Waste Fund, property tax, and sales tax.	120
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	125
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	129
Operating Information These schedules contain personnel, service, and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	132

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

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

	<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>	<u>2021</u>
Governmental activities										
Net Investment in										
capital assets	\$ (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	\$ 21,542,140
Restricted	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	7,256,380
Unrestricted	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	11,445,066
Total governmental activities net position	\$ 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	\$ 40,243,586
Business-type activities										
Net Investment in										
capital assets	\$ 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	\$ 28,795,012
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	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	6,980,143
Total business-type activities net position	\$ 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	\$ 35,775,155
Primary government										
Net Investment in										
capital assets	\$ 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	\$ 50,337,152
Restricted for Permanent Endowment	1,327,746	1,374,067	1,420,639	0	0	0	0	0	0	0
Restricted	0	0	0	6,257,929	12,206,817	8,844,766	7,055,924	6,433,394	7,638,788	7,256,380
Unrestricted	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	18,425,209
Total primary government net position	\$ 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	\$ 76,018,741

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

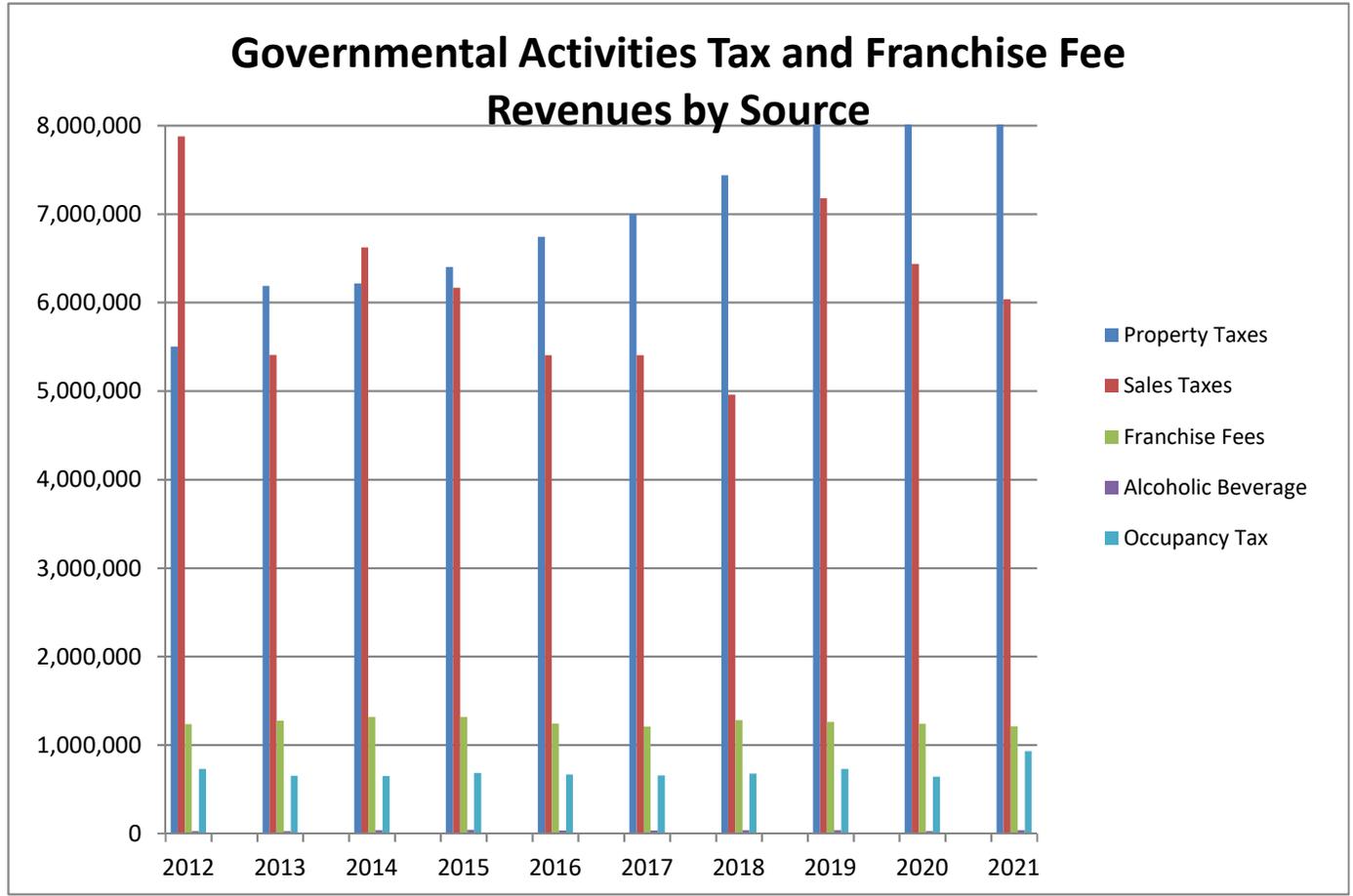
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental Activities:										
General Government	\$2,041,635	\$2,036,650	\$2,301,376	\$2,134,433	\$2,057,544	\$2,007,940	\$2,034,864	\$3,550,161	\$2,191,967	\$2,673,307
Community Development	375,589	488,974	499,803	474,022	460,691	501,330	564,677	606,461	518,099	482,703
Finance	406,189	462,758	404,366	424,733	453,957	457,878	473,764	570,144	537,711	573,688
Public Safety	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	10,248,969
General/Public Services	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	4,565,049
Bond Issuance Cost	0	0	79,487	0	0	0	60,538	0	0	0
Interest on Long-Term Debt	674,442	703,793	544,840	609,610	672,462	564,734	537,896	560,955	408,132	331,511
<b>Total Governmental Activities Expenditures</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>	<b>18,875,227</b>
Business-Type Activities:										
Water and Sewer	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	6,388,540
Municipal Airport	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	1,566,473
Golf Course	424,216	387,220	390,556	380,340	351,975	298,029	320,271	389,876	340,433	351,561
Stormwater	226,363	261,470	373,440	397,236	401,177	595,174	547,183	695,052	782,941	725,619
Solid Waste	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	3,242,207
<b>Total Business-Type Activities Expenses</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>12,274,400</b>
<b>Total Primary Government Expenditures</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>\$31,149,627</b>
<b>Program Revenues</b>										
Governmental Activities:										
Fines, Fees, Charges for Services										
General Government	\$40,808	\$32,159	\$0	\$22,331	\$28,075	\$27,688	\$12,979	\$25,719	\$23,534	\$21,472
Community Development	546,688	560,554	691,640	665,918	272,729	837,926	948,033	837,068	752,412	677,009
Public Safety	361,494	123,184	272,044	375,469	578,735	514,831	649,699	682,857	400,149	333,185
General/Public Services	533,552	605,285	675,361	423,529	1,059,423	663,665	680,291	636,234	542,778	1,121,765
Operating Grants and Contributions	259,748	409,629	260,794	50,600	325,203	91,970	398,314	79,290	951,549	2,144,255
<b>Total Governmental Activities Program Revenues</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>4,297,686</b>
<b>Program Revenues (continued)</b>										
Business-Type Activities:										
Fines, Fees, Charges for Services										
Water and Sewer	\$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	\$8,642,191
Municipal Airport	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	1,280,300
Golf Course	76,110	172,214	193,863	141,525	140,044	176,643	211,126	159,047	186,486	195,734
Stormwater	952,558	1,003,269	1,002,231	1,003,379	990,405	936,628	922,233	917,858	959,519	964,600
Solid Waste	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	4,900,934

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Grants and Contributions	276,940	0	472,676	86,996	117,941	34,722	21,448	28,941	127,726	100,663
Total Business-Type Activities Program Revenues	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	16,084,422
Total Primary Government Program Revenues	\$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	\$20,382,108
<b>Net (Expenses)/Revenue</b>										
Governmental Activities	(\$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)	(\$14,577,541)
Business-Type Activities	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	3,810,022
Total Primary Government	(\$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)	(\$10,767,519)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	\$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	\$8,707,453
Sales Taxes	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	6,037,291
Other Taxes & Fees	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	2,175,344
Investment Income	25,372	28,797	11,821	18,749	79,942	179,997	409,811	607,236	208,834	14,452
Miscellaneous	476,078	476,078	1,459,148	359,767	966,743	387,875	61,116	486,194	323,442	1,349,799
Transfers In (Out)	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	1,986,932
Total Government Activities	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	20,271,271
Business-Type Activities:										
Investment Income	4,832	6,778	5,795	11,927	52,415	92,919	165,413	252,792	100,582	8,872
Miscellaneous	0	998,514	7,699,845	0	50,217	1,076,731	470,115	177,385	778,550	210,655
Transfers In (Out)	(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)	(1,986,932)
Total Business-Type Activities	(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)	(1,767,405)
Total Primary Government	\$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	\$18,503,866
<b>Change in Net Position</b>										
Governmental Activities	\$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	\$5,693,730
Business-Type Activities	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	2,042,617
Total Primary Government	\$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	\$7,736,347

**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>
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
2021	\$ 8,707,453	\$ 6,037,291	\$ 1,209,805	\$ 36,267	\$ 929,272	\$ 16,920,088

## Governmental Activities Tax and Franchise Fee Revenues by Source



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	0	0	0	0	0	0	0	0	0	0
Nonspendable	0	770	978	547	6,597	7,944	8,532	12,702	5,245	6,718
Assigned:										
Stanford House	0	0	0	0	0	0	0	0	0	0
Construction	2,254,213	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Unassigned	6,880,162	7,216,399	7,407,227	7,583,096	7,397,240	8,892,045	8,916,457	9,000,705	9,047,756	9,180,278
<b>Total General Fund</b>	<b>\$9,134,375</b>	<b>\$7,217,169</b>	<b>\$7,408,205</b>	<b>\$7,583,643</b>	<b>\$7,403,837</b>	<b>\$8,899,989</b>	<b>\$8,924,989</b>	<b>\$9,013,407</b>	<b>\$9,053,001</b>	<b>\$9,186,996</b>
<b>All Other Governmental Funds</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved, reported in:										
Special Revenue Funds	0	0	0	0	0	0	0	0	0	0
Capital Projects Funds	0	0	0	0	0	0	0	0	0	0
Nonspendable	0	770	0	0	0	0	0	0	0	0
Restricted:										
Debt Service	1,022,513	1,024,748	1,063,979	948,521	1,244,098	1,371,883	1,446,193	1,531,813	1,602,220	1,917,509
Construction	5,315,306	3,760,040	5,000,089	4,517,997	8,725,955	5,065,270	3,668,003	625,390	3,623,185	2,442,680
Tourism and the Arts	601,934	768,661	789,424	446,397	613,710	691,782	149,918	363,000	489,942	865,590
Other	91,591	106,663	165,888	120,288	155,293	203,881	224,966	268,714	278,291	344,981
Nonspendable										
Cemetery	1,327,746	1,374,067	1,409,953	1,427,979	1,467,761	1,511,950	1,566,844	1,630,284	1,645,150	1,685,620
Assigned:										
Stanford House	211,859	206,429	239,828	0	0	0	0	0	0	0
Construction	2,035,103	2,564,024	2,477,635	334,032	3,899,903	4,253,649	7,182,845	4,160,203	1,116,058	347,183
Other	27,528	48,354	4,137,962	5,678,426	2,887,585	2,539,967	2,746,651	4,880,738	6,571,968	10,742,562
Unassigned	0	0	0	0	0	0	0	22,846	0	0
<b>Total All Other Governmental Funds</b>	<b>\$10,633,580</b>	<b>\$9,853,756</b>	<b>\$15,284,758</b>	<b>\$13,473,640</b>	<b>\$18,994,305</b>	<b>\$24,538,371</b>	<b>\$25,910,409</b>	<b>\$22,496,395</b>	<b>\$24,379,815</b>	<b>\$27,533,121</b>

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

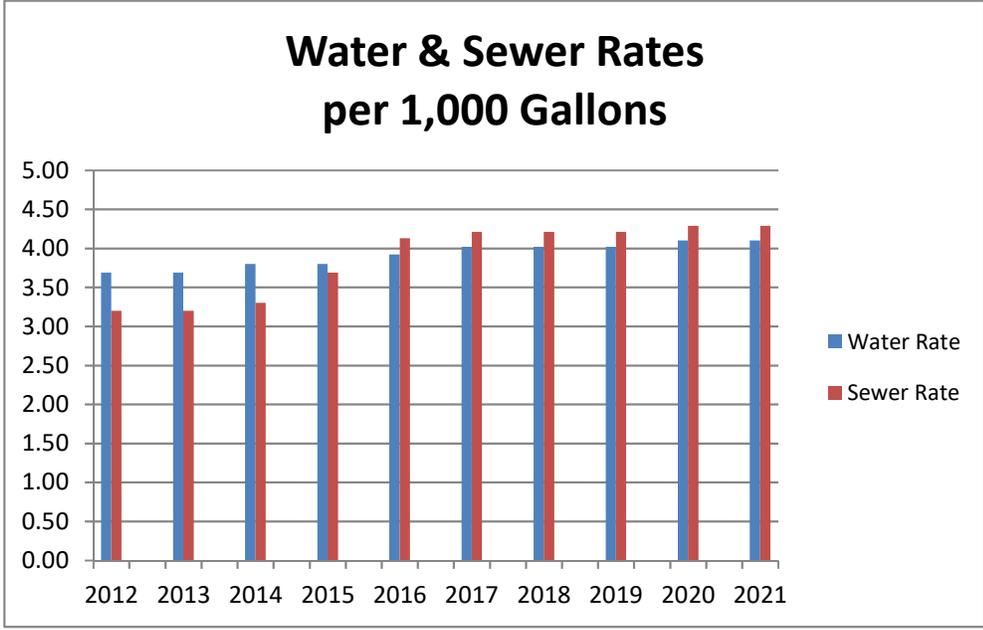
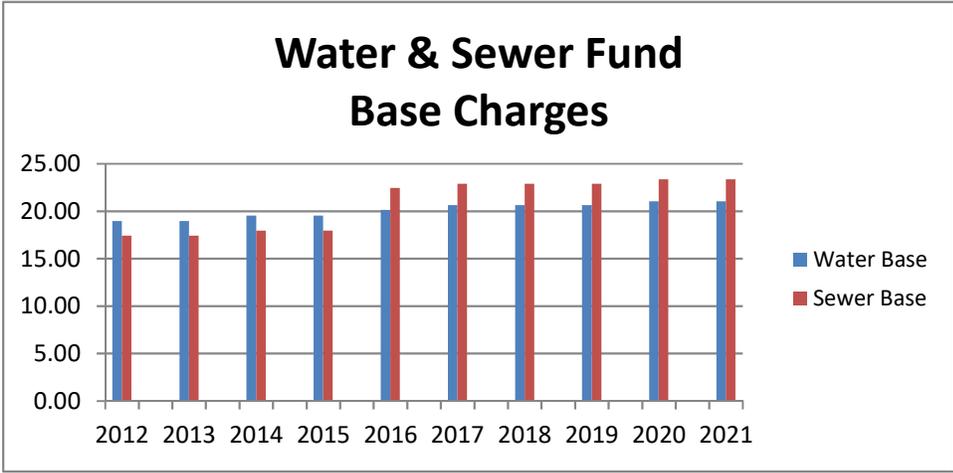
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Ad Valorem Taxes	\$ 5,508,886	\$ 6,200,651	\$ 6,227,465	\$ 6,417,559	\$ 6,694,561	\$ 7,017,525	\$ 7,420,034	\$ 8,163,897	\$ 8,423,937	\$ 8,706,485
Sales Taxes	7,875,346	5,409,389	6,622,880	6,167,640	5,404,024	5,403,311	4,958,203	7,176,658	6,437,327	6,037,291
Other Local Taxes/Fees	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	2,175,344
Service Charges	835,854	896,422	1,091,780	846,746	1,059,423	1,077,957	1,096,726	1,050,566	815,073	1,232,603
License & Permits	285,195	269,957	275,221	265,032	300,804	451,322	544,577	448,455	503,651	587,642
Fines & Forfeitures	371,319	301,256	394,361	382,478	530,929	411,158	517,495	589,622	348,094	357,047
Interest from Investments	25,370	26,220	11,821	18,753	65,078	179,997	409,808	607,236	208,834	14,452
Intergovernmental Revenues	259,748	409,629	260,794	50,600	325,203	91,970	398,314	79,290	951,549	2,144,255
Other Income	485,357	1,441,807	1,315,154	389,004	981,607	462,327	434,285	486,194	326,908	1,342,341
<b>Total Revenues</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>\$ 22,597,460</b>
<b>Expenditures</b>										
General Government	\$ 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	\$ 2,818,493
Community Development	333,267	439,962	440,433	417,969	442,832	492,433	559,483	571,592	501,866	489,006
Finance	401,010	445,875	418,602	428,260	443,431	455,004	479,609	534,994	521,355	586,365
Public Safety	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	9,902,138
Public Works	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	3,572,857
Non-Departmental	0	0	0	0	0	0	0	808	0	1,002
Capital Outlay	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	2,338,967
Debt Service:										
Principal	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	1,374,711
Interest	656,586	741,728	561,934	603,212	531,118	724,489	518,138	606,292	399,324	347,547
Bond Issuance Cost	70,812	0	79,487	0	0	0	43,791	0	24,954	0
<b>Total Expenditures</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>	<b>\$ 21,431,086</b>
Excess of revenues over(under) expenditures	(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	1,166,374

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Other financing Sources (Uses):</b>										
Proceeds from Bond Issues	3,129,660	0	5,095,637	0	7,715,806	0	6,068,745	634,383	1,338,750	0
Payment to Bond Escrow Agent	0	0	0	0	(3,210,454)	0	(1,778,240)	0	(1,336,293)	0
Premium on Debt Issuance	0	0	0	0	519,819	0	0	0	0	0
Funds transferred In	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	5,971,341
Funds transferred out	(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)	(3,984,409)
Total Other Financing Sources(Uses)	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	1,986,932
Net Change in Fund Balances	\$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	\$3,153,306
Debt Service as a percentage of										
Noncapital Expenditures	12.76%	13.84%	12.23%	12.77%	11.54%	12.59%	12.08%	10.73%	10.45%	9.02%

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

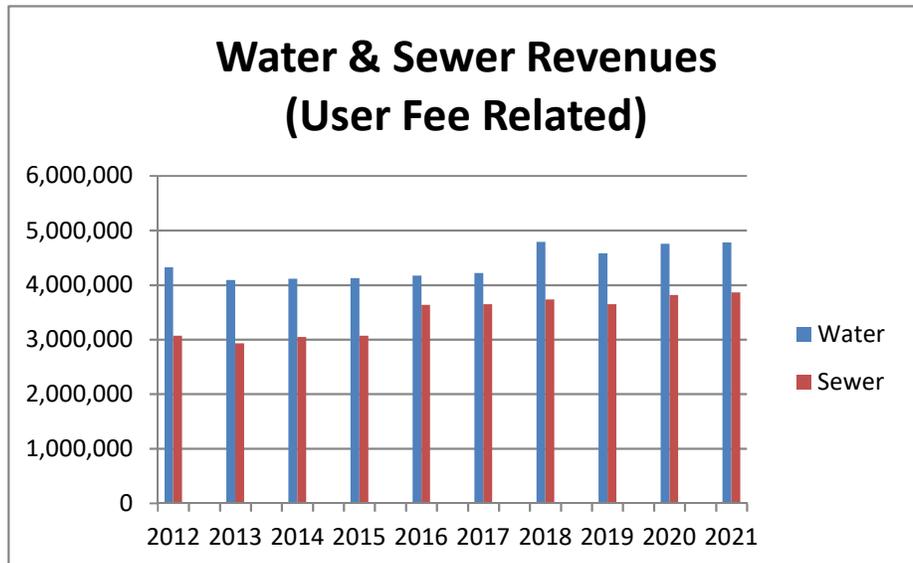
<b>Fiscal Year</b>	<b>Water Base</b> (per month)	<b>Water Rate</b> (per 1000 gals)	<b>Sewer Base</b> (per month)	<b>Sewer Rate</b> (per 1000 gals)
2012	18.96	3.69	17.42	3.20
2013	18.96	3.69	17.42	3.20
2014	19.53	3.80	17.94	3.30
2015	19.53	3.80	17.94	3.69
2016	20.12	3.92	22.43	4.13
2017	20.62	4.02	22.88	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
2021	\$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>
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
2021	\$4,777,176	\$3,865,015	\$8,642,191



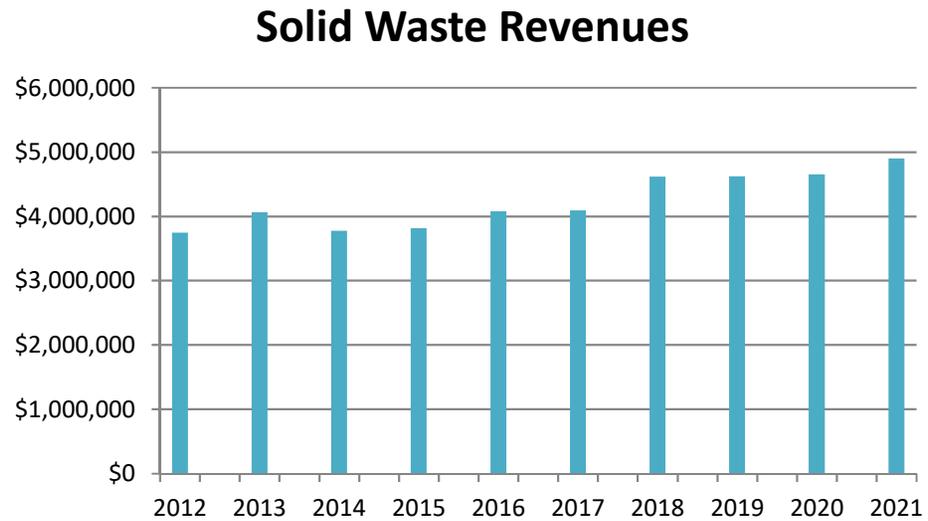
**City of Gainesville, Texas  
Ten Largest Consumers of Water  
Current Year and Nine Years Ago**

<b>Customer</b>	<b>2021</b>		<b>2012</b>	
	<b>Total Consumption For Customer Rank (in gallons)</b>	<b>Rank</b>	<b>Total Consumption For Customer Rank (in gallons)</b>	<b>Rank</b>
Zodiac (formerly Weber Aircraft)	2,226,880	10	19,097,600	1
Gainesville State School	5,470,000	5	11,821,000	2
Frank Buck Zoo	8,526,300	2	11,272,200	3
North Central Texas College			10,541,700	4
Pecan Tree Manor	2,929,592	9	6,496,200	5
Gainesville ISD			6,201,700	6
Poly Pipe			4,622,400	7
Woodglen Apartments	4,349,500	8	4,106,700	8
Molded Figerglass	-		3,720,900	9
Days Inn Motel			3,635,500	10
The Liberty	8,014,700	3		
Real Income Partners	5,430,530	6		
GAF Materials	4,432,610	7		
North Central Texas Denistry	9,842,530	1		
Cook Couty Justice Center	6,134,130	4		
	-			
Total Water Consumption	<b>57,356,772</b>		<b>81,515,900</b>	

Source: City of Gainesville Customer Service

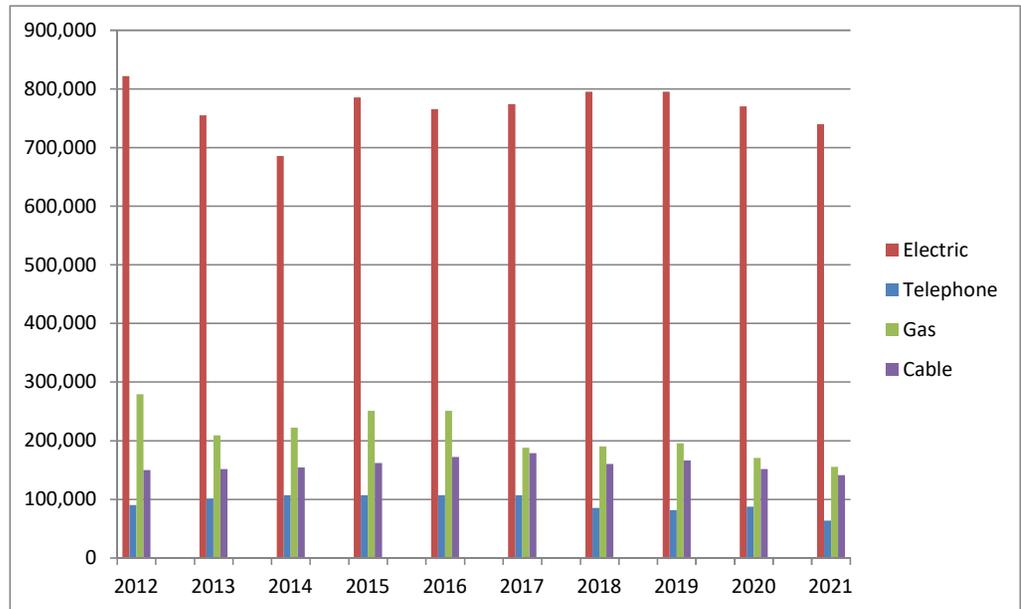
**City of Gainesville, Texas  
Solid Waste Fund Revenues  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Charges for Service Revenues</b>
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
2021	\$4,900,934



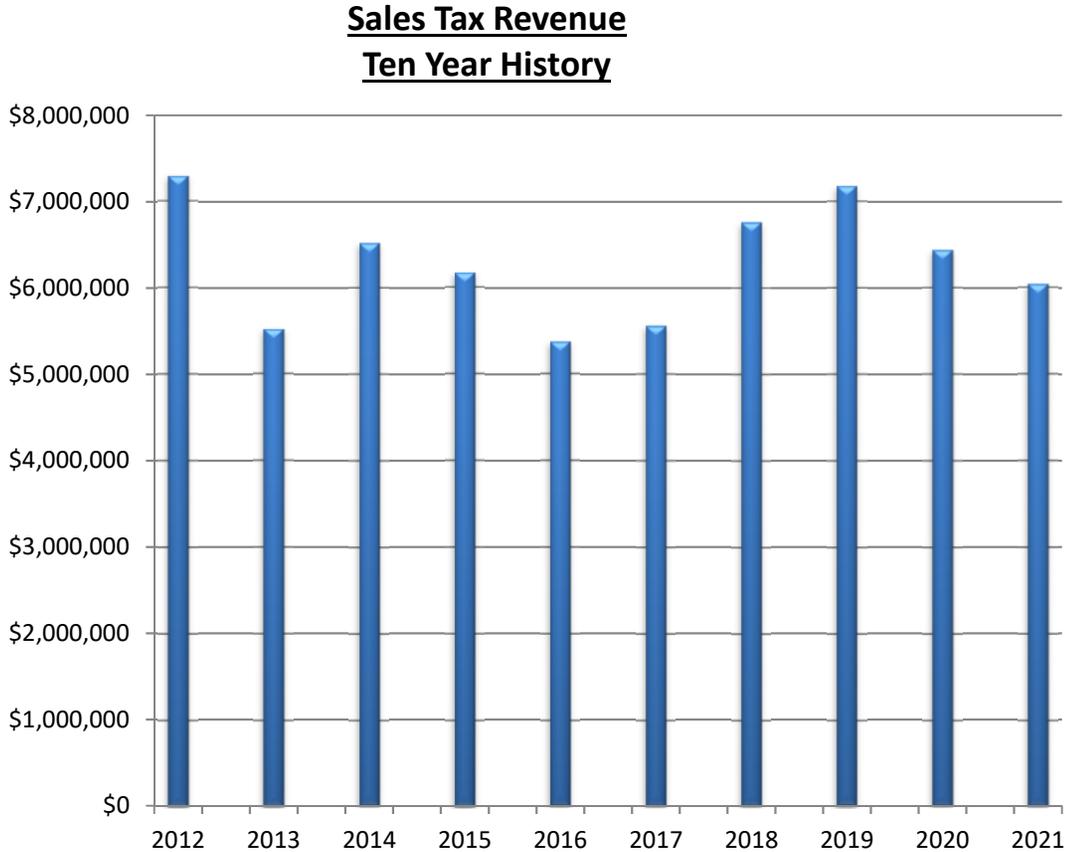
**City of Gainesville, Texas  
Franchise Fees  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Electric</b>	<b>Telephone</b>	<b>Gas</b>	<b>Cable</b>
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
2021	\$694,306	71,048	254,444	\$189,647



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

<u>Fiscal Year</u>	<u>Sales Tax Revenue</u>
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
2021	\$6,037,291



**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

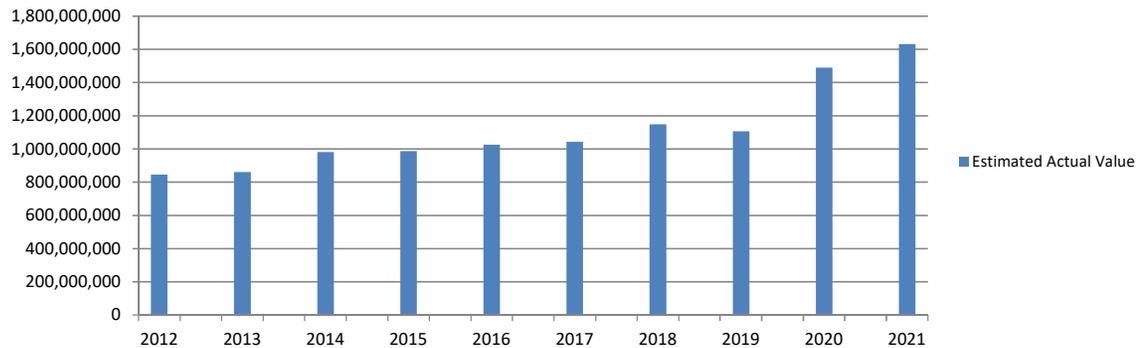
**Assessed and Estimated Actual Value of Property (1)  
Last Ten Fiscal Years**

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		
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	1,490,782,395	1,490,782,395	0.696290	100.0%
2021	\$ 1,632,283,591	\$ 1,632,283,591	\$ 403,099,575	\$ 403,099,575	\$ 445,429,209	\$ 1,632,283,591	\$ 1,632,283,591	0.672100	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	
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
2021	0.49740	0.17470	0.67210	0.28790	0.12500	0.41290	1.02100	0.04100	1.06200	1.00470	0.12730	1.13200	3.27900

(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.  
Oper debt

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

Taxpayer	2021		2021		2012		2012	
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Loa Solar Acquisition, LLC	\$ 30,484,000	1	19.44%		0		0.00%	
Safran Seats (fmly Weber Aircraft)	20,464,618	2	13.05%		36,010,287	3	18.02%	
Walmart	16,523,175	4	10.54%		7,308,250	4	3.66%	
Building Materials of America	16,040,833	5	10.23%		0			
Spn Well Services (Texas)	15,380,131	3	9.81%		0			
Oncor Electric	12,633,478	7	8.06%		7,995,520	7	4.00%	
Klement Karl Properties	12,367,966	9	7.89%		7,387,337	8	3.70%	
Suddenlink Communications	12,300,684	6	7.84%		0		0.00%	
Duraline Polypipe	11,028,736	8	7.03%		9,533,014		4.77%	
Wesley Partners Senior Living, LLC	9,596,665	10	6.12%		0			
Boeing Company, The	0				72,072,588	1	36.07%	
Well Service Division of STC	0				36,641,210	2	18.34%	
Mesa Real Estate Partners LP	0				8,885,297	6	4.45%	
Gainesville Hospitality LTD	0				7,315,890	9	3.66%	
Home Depot USA	0				6,684,731	10	3.35%	
Total Assessed Valuation	\$ 156,820,286		100.00%	\$	199,834,124		70.21%	

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>
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%
2021	\$ 8,974,262	\$ 8,366,801	93.2%	\$ 37,590	8,404,391	93.6%	\$ 210,003	2.3%

(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			
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
2020	7,769,856	4,384,698	0	1,200,006	8,870,143	16,570,301	0	970,833	39,765,837	10.62%	2,366
2021	6,764,811	\$ 4,180,728	\$ 0	\$ 992,147	\$ 8,015,190	\$ 15,679,271	\$ 0	\$ 916,909	\$ 36,549,056	9.66%	2,101

**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>
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	1,602,220	36,372,780	2.44%	2,204.14
2021	17,394	\$ 1,632,212,122	\$ 36,549,056	\$ 1,197,509	\$ 35,351,547	2.17%	2,032.40

- (1) From US Bureau of Census 2010 Census, updated 2021
- (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, 2021**

Jurisdiction	Total GO Debt Outstanding	Estimated Percent Applicable	Direct and Overlapping Funded Debt As of 9/30/21
<i>Direct Debt:</i>			
City of Gainesville	<u>\$22,031,243</u>	100.00%	<u>\$22,031,243</u>
Subtotal Direct Debt	<u>\$22,031,243</u>		<u>\$22,031,243</u>
<i>Overlapping Debt:</i>			
Cooke County	2,225,000	29.99%	667,278
Gainesville ISD	24,134,979	80.30%	19,380,388
Lindsey ISD	0	48.51%	0
Gainesville Hospital District	37,385,000	35.58%	13,301,583
North Central Texas Community College	<u>10,300,000</u>	25.20%	<u>2,595,600</u>
Subtotal Overlapping Debt	<u>74,044,979</u>		<u>35,944,849</u>
<b>Total Direct and Overlapping Debt</b>	<b><u><u>\$96,076,222</u></u></b>		<b><u><u>\$57,976,092</u></u></b>

Ratio of direct and overlapping bonded

debt to taxable assessed valuation

4.69%

Per capita direct and overlapping bonded debt

\$3,312.92

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  
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	
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
2021	\$ 8,763,432	4,848,659	3,914,773	\$ 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 (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (3)	Education Percent High School & Up (1)	Unemployment Rate (2)
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	358,687,472	21,736	35	3,074	77.80%	2.60%
2020	16,804	345,725,496	20,574	38	3,080	77.80%	3.00%
2021	17,394	\$ 357,864,156	\$ 20,574	33	3,061	78.50%	6.70%

- (1) US Census Bureau 2010 Census
- (2) Texas Demographic Center
- (3) Gainesville Independent School District

**City of Gainesville, Texas  
Ten Largest Employers  
Fiscal Year 2021 and 2012**

<b>Employer</b>	<b>2021</b>			<b>2012</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	22.58%	3000	1	14.06%
Safran (formerly Zodiac/Weber)	1250	2	8.06%	1600	2	7.50%
Alan Ritchey	0		0.00%	225	8	1.05%
WalMart	396	5	2.55%	427	3	2.00%
Gainesville ISD	442	4	2.85%	380	6	1.78%
Gainesville State School	359	6	2.32%	387	4	1.81%
NTMC	290	7	1.87%			
Cooke County	265	8	1.71%	260		1.22%
City of Gainesville	222	9	1.43%	223	9	1.05%
Orteq Energy Services	160	10	1.03%			0.00%
North Central State College	890	3	5.74%			
Complete Energy Services				385	5	1.80%
North Texas Medical Center				372	7	1.74%
Totals	7774		50.15%	7259		30.48%
Total in Gainesville	15500		100.00%	21332		100.00%

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

<b>Function</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>2021</b>
Administration	3	3	3	3	3	3	3	3	3	3
Information Technology	1	1	1	1	1	1	1	1	1	1
Human Resources	2	2	2	2	2	2	2	2	2	2
Building Operations	0	0	0	0	0	0	0	0	0	0
Municipal Court	5	5	5	5	5	4	4	4	4	4
Civic Center	2	2	2	2	2	2	2	2	2	2
Community Development	5	5	5	5	5	6	6	6	6	6
Finance	4	4	4	4	4	4	4	4	4	4
Economic Development	5	5	5	5	5	5	5	5	5	5
Police	55	55	55	55	56	56	56	59	59	59
Fire	42	42	42	42	42	42	42	42	42	42
Streets	7	7	7	7	7	7	7	7	7	7
Garage	4	4	4	4	4	4	4	4	4	4
Parks	17	17	17	17	17	42	45	46	46	46
Frank Buck Zoo	15	15	15	15	15	19	19	20	20	20
Cemetery	5	5	5	5	5	5	5	7	7	7
Golf Course	7	7	8	8	7	6	6	6	6	6
Water	21	21	21	21	21	17	17	18	18	17
Wastewater	17	17	17	17	17	17	16	14	14	14
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	13	13	13	13	13	13	13	14	14	14
Solid Waste - Disposal	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>237</b>	<b>237</b>	<b>238</b>	<b>238</b>	<b>238</b>	<b>262</b>	<b>264</b>	<b>271</b>	<b>271</b>	<b>270</b>

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

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police</b>										
Calls for Service	26,912	24,945	28,743	31,673	34,558	32,026	32,260	28,382	27,129	26,237
Arrests	949	1,055	1,023	1,285	1,392	1,222	1,356	1,041	819	757
<b>Municipal Court</b>										
Cases Filed	5,061	3,472	4,091	5,000	6,612	5,447	6,293	6,522	3,941	3,828
Cases Disposed	5,035	3,506	4,580	5,000	2,442	5,648	5,493	6,399	3,354	4,673
Class C Warrants Filed	1,466	1,413	1,789	1,000	1,854	1,617	2,252	2,762	1,280	2,365
Juvenile Cases Filed	316	320	175	175	146	117	217	134	164	129
<b>Fire</b>										
Number of calls	793	780	874	954	2,461	2,670	3,111	3,124	3,302	3,615
Number of fires	154	175	174	240	143	169	286	145	170	135
Rescue/EMS incidents	185	175	200	210	1,544	1,829	1,825	1,908	2,050	2,242
<b>Streets</b>										
Potholes Patched	6,509	7,941	5,751	7,529	4,608	2,701	3,374	4,461	4,491	3,903
Storm drains cleaned	135	318	122	137	126	93	122	446	604	465
Miles of streets swept	447	860	1,098	864	690	1,595	868	900	703	737
<b>Golf Course</b>										
Rounds of golf	5,001	7,583	7,853	9,100	7,435	9,216	10,331	8,565	9,142	9,793
<b>Community Development</b>										
Building Permits	1,142	984	973	1,069	1,258	1,168	1,022	1,200	1,476	1,389
Value of Building Projects (in thousands) *	11,808	3,046	17,732	21,289	15,919	28,960	34,752	17,224	15,493	33,688
Number of Inspections	1,948	1,691	1,593	866	878	982	1,153	1,268	1,308	1,389
<b>Finance</b>										
Number of invoices paid	6,833	8,019	7,284	6,985	7,372	6,700	7,528	6,700	5,736	7,259
Received CAFR award	Yes									
Received Budget Presentation award	Yes									
Number of Payroll checks prepared	5,839	5,880	6,214	6,063	6,062	6,176	5,936	6,175	6,213	6,009
<b>Water System</b>										
Number of water customers	6,121	6,166	6,182	6,200	6,074	6,109	6,116	7,363	7,475	7,516
New Connects	1,345	1,412	1,419	1,525	1,344	1,313	1,281	1,431	1,236	1,265
Daily average water consumption (mil gls)	2.4	2.4	2.4	2.10	2.10	2.10	2.10	2.10	2.30	2.55
Maximum daily pumping capacity (mil gls)	6.8	6.8	6.8	6.80	6.80	6.80	6.70	6.80	6.80	7.53
Maximum storage capacity (mil gls)	3.8	3.8	3.8	3.80	3.80	3.80	4.03	4.00	4.00	4.00
<b>Wastewater System</b>										
Number of wastewater customers	5,773	5,822	6,013	5,964	5,775	5,805	5,816	7,151	7,157	7,176
Daily average treatment(mil gls)	1.4	1.4	1.6	2.27	2.20	1.60	1.80	2.49	2.61	1.85
Maximum daily treatment capacity(mil gls)	4.1	4.1	4.1	4.14	10.00	4.14	4.14	4.14	4.14	4.14
<b>Airport</b>										
Gallons of aviation fuel pumped	236,813	216,735	260,944	265,306	311,236	323,952	334,975	334,670	359,090	397,701

Source: Various City departments.

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

FY data

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	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	825	825	825	825	825	825	825	881	913	913
Fire Vehicles	13	13	13	13	12	12	12	14	13	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	1572	1573	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	226	266	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	151	151	151	151
Number of Water Treatment Plants	1	1	1	1	1	2	1	1	1	1
<b>Wastewater System</b>										
Miles of wastewater mains	134	134	134	134	134	134	132	132	132	132
Miles of storm drainage mains	10	10	10	10	10	10	14	14	14	14
Number of Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
	<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>2021</b>
<b>Sanitation</b>										
Collection Trucks	12	12	12	12	13	5	5	9	10	10
Long Haul Trucks	4	4	4	4	4	4	4	3	3	3
Heavy Equipment Units	-	-	-	-	-	-	-	3	7	7
Vehicles	5	5	5	5	5	6	6	7	6	6
Carts	5891	5857	5857	5857	5563	5353	5364	6736	6773	6889
<b>Airport</b>										
Airport acreage										
Number of runways	1317	1317	1317	1317	1297	1277	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 "---".



Capital Assets  
Used in the Operation  
Of Governmental Funds



Federal Awards Section



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

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, 2021 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 March 10, 2022.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Schalk & Smith PC". The signature is written in a cursive, flowing style.

Schalk & Smith, P.C.  
Gainesville, TX  
March 10, 2022