

# City of Gainesville, Texas

## Annual Comprehensive Financial Report October 1, 2021-September 30, 2022



Old Fire Station Rehabilitation

## **About The Cover**

The cover depicts the inspection of the rehabilitated historic Gainesville Fire Station. It is now a short-term rental and for small events.

This is an example of rehabilitation and repurposing of a building with historical significance to Gainesville.

The City hopes this will be an event center attraction to the community.



**City of Gainesville, Texas**

**ANNUAL COMPREHENSIVE FINANCIAL  
REPORT (ACFR)**

Prepared by  
Finance Department

Fiscal Year Ended

September 30, 2022

City of Gainesville, Texas  
 Annual Comprehensive Financial Report  
 September 30, 2022

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## Introductory Section



March 21, 2023

Honorable Mayor and City Council  
and 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, 2022, 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 judgments by management. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The City Council contracted 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, 2022, and the auditor’s report is located at the front of the financial section of the Annual Comprehensive Financial Report (ACFR).

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 auditor’s 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 19.62 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, TXU, 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 if they result in a net increase in total appropriations.

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 Ardmore, Oklahoma and Denton, Sherman, and Wichita Falls, 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 (3.2% Gainesville vs. 3.7% 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 2021-2022:

- The City continued its demolition program in Fiscal Year 2022 by demolishing fifty-five (55) substandard structures. A total of fifteen (15) new construction permits were issued on residential infill lots from the removal of such structures in 2022 or previous years.
- A project to expand and renovate the Solid Waste Fund's transfer station continued during Fiscal Year 2021-2022 with \$3,761,896 in total cumulative cost at year's end.
- The City continued its street and utility maintenance project (SUMP). A total of \$1,551,606 was expended for SUMP during Fiscal Year 2022.
- New home residential construction continued in Black Hill Farms Phase I and Phase II during the 2022 fiscal year. Additionally, Lackland Holdings started initial grading for a 105-lot residential subdivision on the east side of the City. Lackland has a total of 230 acres in the area and plans to develop a total of 850 new residential lots.

- The City is working with two separate apartment developers for large, high-density multifamily projects that could potentially result in a total of 1,120 new apartment units if the housing market allows.
- In the 2022 fiscal year, Camp Howze Development Partners, LLC contracted to purchase a total of 265 acres in the City, located adjacent to the BNSF railroad, for purposes of developing a site for rail served industries and a transload facility.
- GAF Materials Corporation received permitting for construction of a chemical building to be located at 1301 Corporate (\$3,876,000).
- Refinery Road Veterinary Clinic completed their facility and added an adjacent small animal clinic at 1913 Refinery Road (\$1,700,000).
- Chicken Express began a project and relocated its restaurant at 1206 N. Grand Avenue (\$850,000).
- Freddy’s Frozen Custard & Steakburgers completed and opened a new restaurant location at 901 N. Highway I-35 (\$500,000).
- Orteq Energy Services completed an interior finish-out of a previously constructed building located at 3401 W. Highway 82 (\$360,000).
- Smiles in Gainesville opened a dental office at 834 Highway 82 (\$332,200).
- Wingstop opened a new restaurant at 905 E. Highway 82 (\$235,000).
- Tile Liquidators opened a new retail location at 201 N. Highway I-35 (\$120,000).

### **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 97% collection rate for Debt Service Fund and 100% 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 2022 and the preceding four years is reflected in the following table. The amounts in the table are per one hundred dollars of assessed value.

<b>Purpose</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>General</b>	0.497400	0.495200	0.479290	0.496790	0.467740
<b>Debt Service</b>	0.174700	0.192300	0.217000	0.225750	0.254800
<b>Total</b>	0.672100	0.687500	0.696290	0.722540	0.722540

For Fiscal Year 2022, the Total Assessed Taxable Value increased by \$86,819,990 or 7.68% 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 the 2021 fiscal year, Gainesville completed master plans for its water, sewer, drainage, and street systems. The City also completed a study on impact fees during Fiscal Year 2021, which began implementation 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 \$67.35 million (FY 2023 - \$12.20 million, FY 2024 - \$3.73 million, FY 2026 - \$5.78 million, FY 2028 - \$5.96 million, FY 2030 - \$6.46 million, FY 2032 - \$4.06 million, FY 2034 - \$9.90 million, FY 2036 - \$9.41 million, and FY 2037 - \$9.85 million) in the next twenty years without increasing the tax rate to help reach its long-term goals. In Fiscal Year 2023, the City plans to issue \$9.48 million in debt 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 2023-2027 were approved by the City Council and are included in the fiscal year 2023 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 \$52.88 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$13.11 million or 24.79% and non-recurring at \$39.77 million or 75.21%.

### **Financial Policies**

The City is required by ordinance to maintain a ninety (90) day reserve. At the close of the 2022 fiscal year, the City had a 173-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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the thirtieth (30<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 ACFR. 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 ACFR 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. When submitted, we believe that the City's 2023 budget also meets the requirements to receive another award.

The preparation of the ACFR 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

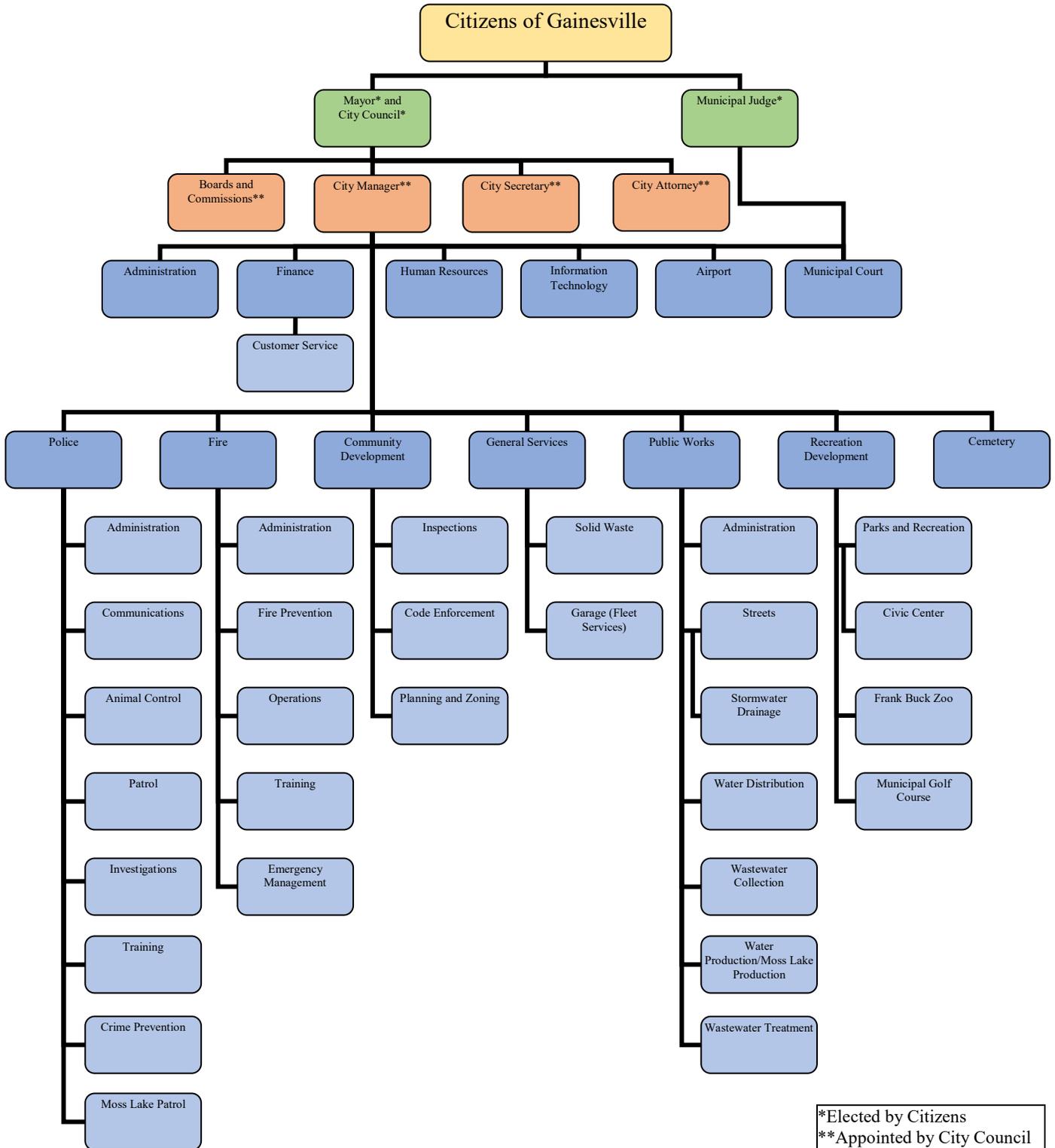


J.I. Johnson, CPA  
Finance Director



Olujinrin Ososanya, CPA  
Controller

# City of Gainesville, Texas Organizational Chart



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

**CITY OF GAINESVILLE, TEXAS**  
**September 30, 2022**

**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	Michael Doughty
Director of Human Resources	Manuel Leah Gore
Airport Manager	David Vinton

\* Denotes Elected Official

\*\* Denotes Appointed by City Council



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, 2021

*Christopher P. Morill*

Executive Director/CEO



Financial Section



INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of September 30, 2022, 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.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gainesville, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gainesville, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Gainesville, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gainesville, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gainesville, Texas's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2023, on our consideration of the City of Gainesville, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City of Gainesville, Texas's 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 City of Gainesville, Texas's internal control over financial reporting and compliance.



Schalk & Smith, P.C.  
Gainesville, Texas  
February 22, 2023

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2022**

**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, 2022. 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 \$85,422,329 (net position) (pg. 7 and 24). Of this amount, \$17,433,779 or 20.4% 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 \$9,403,588 or 12.4% (pg. 8) from last fiscal year's net position. The governmental net position increased \$3,339,689 or 8.3%, and the business type activities increased \$6,063,899 or 17.0%.
- 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 2022 was \$9,291,926 (pg. 27) and of that amount \$8,202,401 is cash. This represents 173 days of recurring General Fund expenditures. The City met its revised budget General Fund increase in fund balance of \$104,930 and transferred an excess amount of \$2,034,517 into the Assigned Projects Fund at year end.
- The City's total debt outstanding increased by \$4,339,906 or 11.9% (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.

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

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

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

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

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

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

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

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

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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 the 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, 2022 were \$136,107,181; deferred outflows of resources were \$2,167,700, total liabilities were \$49,762,090, and deferred inflows of resources were \$3,090,462, resulting in a net position balance of \$85,422,329 (pg. 7 and 24). This is a 17.0% increase from the prior fiscal year.

The City's total net position equals \$85,422,329. A portion of the net position, \$12,717,546 or 14.9% represents resources that are subject to restrictions on how they may be used (pg. 7 and 24). The restricted net position has increased from the prior year by \$5,461,166 or 75.3%. This increase was primarily due to construction in progress that was undertaken during the 2022 fiscal year. Capital assets (land, buildings, machinery, and equipment) net of related debt total \$55,271,004 or 64.7% of total net position. This represents an increase of \$4,933,852 or 9.8% compared to the prior year. The remaining portion of the City's net position, \$17,433,779 or 20.4% 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, 2022 (page 24):

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**Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$28,932,084	\$27,385,882	\$11,428,392	\$10,509,441	\$40,360,476	\$37,895,323
Restricted Cash	7,517,504	1,802,237	3,055,445	2,910,952	10,572,949	4,713,189
Capital Assets	31,871,748	31,377,640	53,302,008	50,342,583	85,173,756	81,720,223
Total Assets	68,321,336	60,565,759	67,785,845	63,762,976	136,107,181	124,328,735
Deferred Outflow of Resources Related to Pensions, OPEB, and Loss of Refunding	1,648,970	1,494,925	518,730	492,055	2,167,700	1,986,980
Long-term Liabilities Outstanding	21,033,619	17,954,270	22,717,682	25,205,492	43,751,301	43,159,762
Other Liabilities	2,815,812	2,729,380	3,194,977	3,045,951	6,010,789	5,775,331
Total Liabilities	23,849,431	20,683,650	25,912,659	28,251,443	49,762,090	48,935,093
Deferred Inflows of Resources Related to Pensions	2,537,600	1,133,448	552,862	228,433	3,090,462	1,361,881
Net Investment in Capital Assets	21,516,926	21,542,140	33,754,078	28,795,012	55,271,004	50,337,152
Restricted	12,717,546	7,256,380	-	-	12,717,546	7,256,380
Unrestricted	9,348,803	11,445,066	8,084,976	6,980,143	17,433,779	18,425,209
Total Net Position	\$43,583,275	\$40,243,586	\$41,839,054	\$35,775,155	\$85,422,329	\$76,018,741

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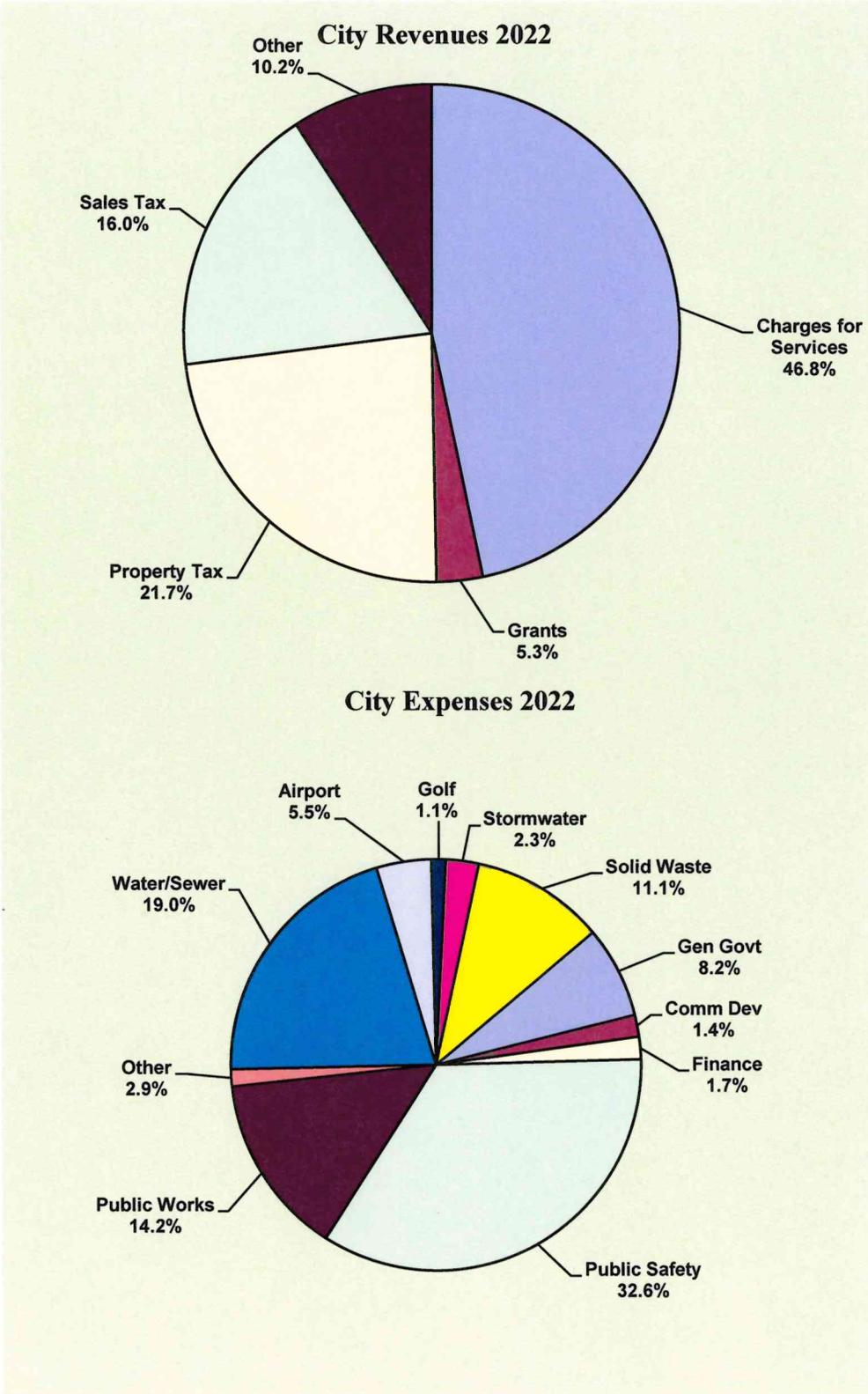
The following table provides a summary of the City's operations for the year ended September 30, 2022. Overall, the City had an increase in net position of \$9,403,588.

**Changes in Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Fines, Fees, and Charges for Services	\$2,131,980	\$2,153,431	\$17,331,799	\$15,983,759	\$19,463,779	\$18,137,190
Operating Grants & Contributions	2,129,568	2,144,256	54,452	100,663	2,184,020	2,244,919
General Revenues:						
Property Taxes	9,041,592	8,707,453	-	-	9,041,592	8,707,453
Sales Taxes	6,680,051	6,037,291	-	-	6,680,051	6,037,291
Other Taxes and Fees	2,378,300	2,175,344	-	-	2,378,300	2,175,344
Other Misc.	1,513,199	1,364,251	338,229	219,527	1,851,428	1,583,778
Total Revenues	23,874,690	22,582,026	17,724,480	16,303,949	41,599,170	38,885,975
Expenses:						
General Government	2,646,847	2,673,307	-	-	2,646,847	2,673,307
Community Development	451,724	482,703	-	-	451,724	482,703
Finance	542,531	573,688	-	-	542,531	573,688
Public Safety	10,501,942	10,248,969	-	-	10,501,942	10,248,969
Public Works	4,561,107	4,565,049	-	-	4,561,107	4,565,049
Interest on Long Term Debt	325,791	331,511	-	-	325,791	331,511
Bond Issuance Cost	122,002	-	-	-	122,002	-
Payments on Pension Liability	500,000	-	-	-	500,000	-
Water & Sewer	-	-	6,096,339	6,388,540	6,096,339	6,388,540
Municipal Airport	-	-	1,773,743	1,566,473	1,773,743	1,566,473
Golf Course	-	-	363,866	351,561	363,866	351,561
Stormwater	-	-	748,161	725,619	748,161	725,619
Solid Waste	-	-	3,561,529	3,242,207	3,561,529	3,242,207
Total Expenses	19,651,944	18,875,227	12,543,638	12,274,400	32,195,582	31,149,627
Increase (Decrease) in Net Position Before Transfers	4,222,746	3,706,799	5,180,842	4,029,549	9,403,588	7,736,348
Transfers In (Out)	(883,057)	1,986,932	883,057	(1,986,932)	-	-
Increase (Decrease) in Net Position	3,339,689	5,693,731	6,063,899	2,042,617	9,403,588	7,736,348
Net Position 10/01	40,243,586	34,549,855	35,775,155	33,732,538	76,018,741	68,282,393
Net Position 09/30	\$43,583,275	\$40,243,586	\$41,839,054	\$35,775,155	\$85,422,329	\$76,018,741

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The following graphs provide a summary of the operations for the year ended September 30, 2022.



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

Revenues from governmental activities increased over the prior year by a net amount of \$1,292,664 or 5.7%. Property taxes, the largest governmental revenue source, increased \$334,139 or 3.8% due to continued new construction and increased real property valuations. The largest increase in revenues came in the City's sales tax revenue, which increased \$642,760 or 10.6% due to new retail activity and economic development. While many individual expense categories for governmental activities experienced a slight decrease in the current fiscal year, overall, total expenses of governmental activities did increase by \$776,717 or 4.1%. One expense category that did increase was the City's expense for public safety, which increased by \$252,973 or 2.5%. Also, a couple of expenses for the 2022 fiscal year that weren't experienced in the prior year were bond issuance costs of \$122,002 and, furthermore, a payment of \$500,000 was made to provide funding toward the employee pension liability.

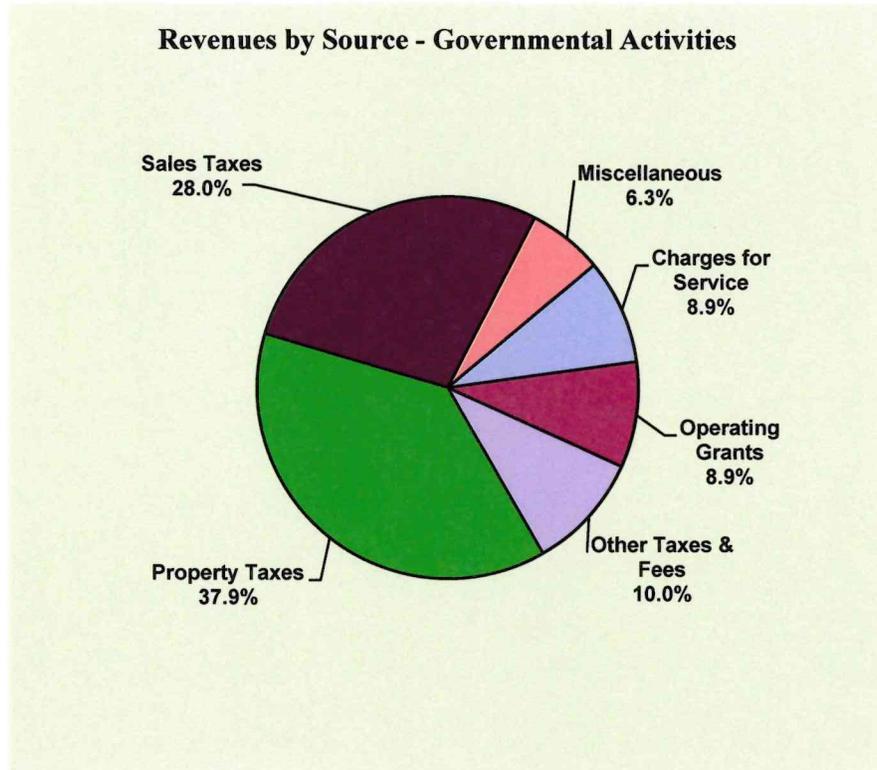
The following graph depicts the five-year history of the expenses and revenues of the City's governmental activities.

**Five Year History**  
(In Thousands)

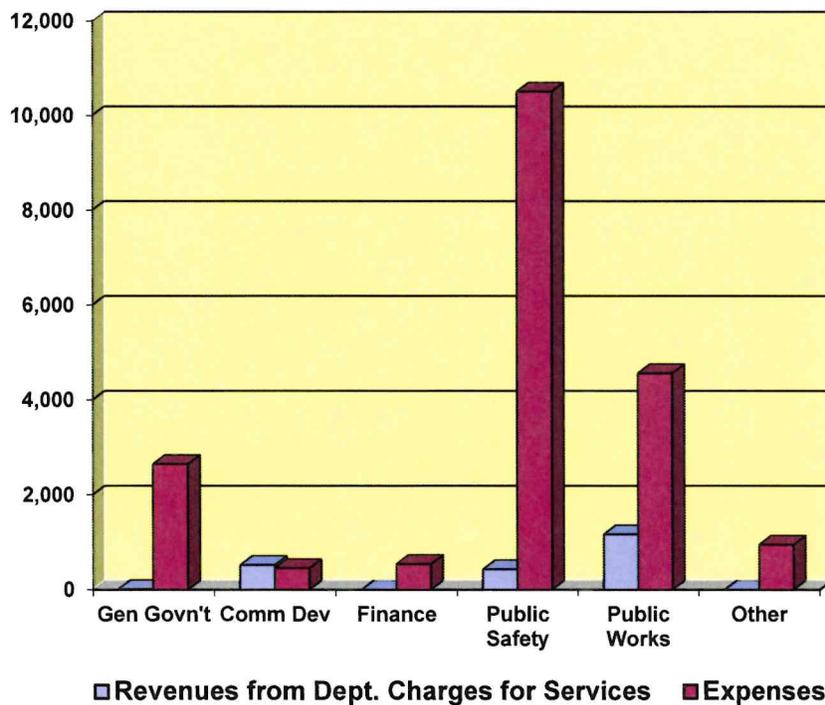


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The following graphs depict current year revenues and expenses of governmental activities by source.



(In thousands)



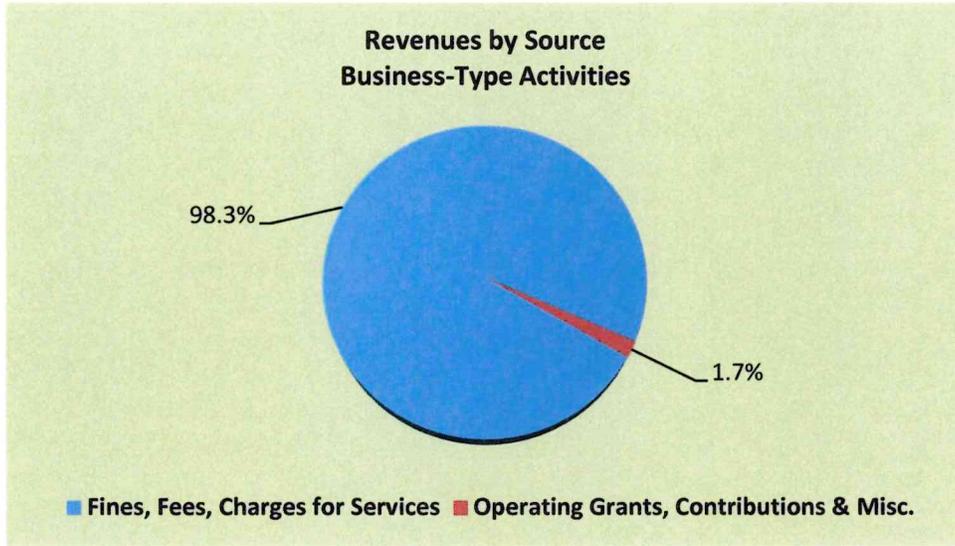
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**Business-Type Activities.** Total business-type activities increased net position by \$6,063,899 or 16.9%. Key elements to this change in net position are as follows:

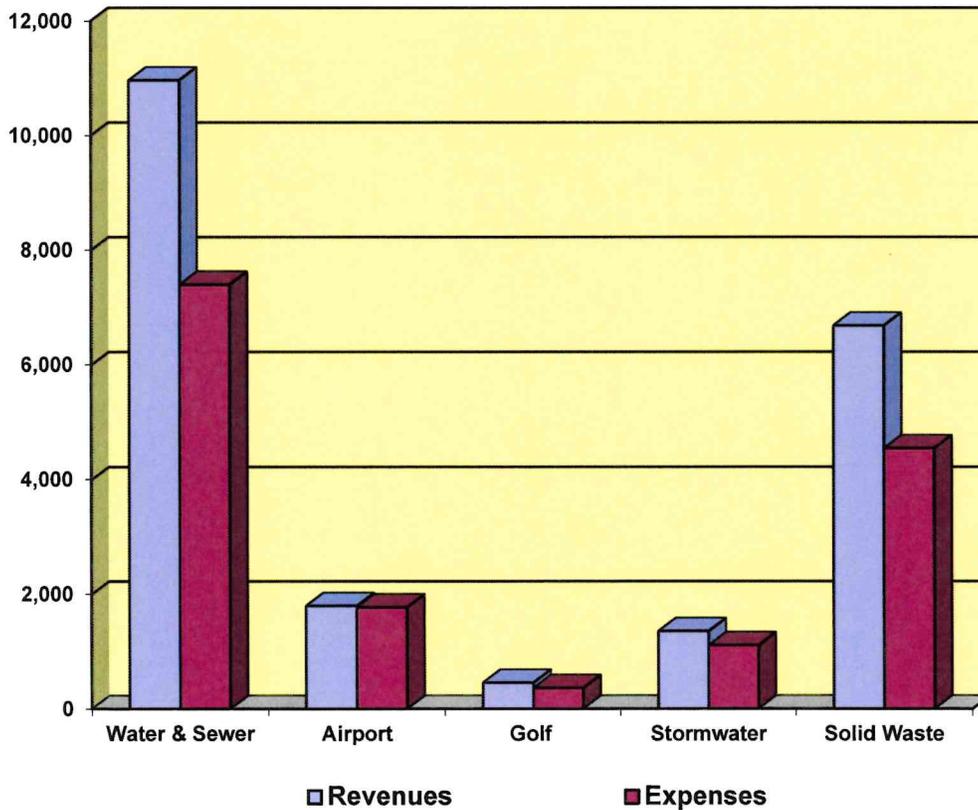
- Total revenues of business-type activities increased \$1,420,531 or 8.7%. The great majority of this increase in revenues came from fines, fees, and charges for services, which increased \$1,348,040 or 8.4%.
- Total expenses of business-type activities increased \$269,238 or 2.2%. Contributing to this increase were increases in the expenses of the Solid Waste Fund (\$319,322 or 9.8%), the Municipal Airport Fund (\$207,270 or 13.2%), the Stormwater Utility Fund (\$22,542 or 3.1%), and the Golf Fund (\$12,305 or 3.5%). Partially offsetting these increases, expenses of the Water and Sewer Fund experienced a decrease of \$292,201 or 4.6%.
- The Water and Sewer Fund's total operating revenues increased by \$465,874 or 5.3% compared to the prior year due to increases in both single family residential and multifamily water sales as well as wastewater charges.
- The Municipal Airport Fund's total operating revenues increased \$353,515 or 24.8% over the prior year primarily due to an increase in fuel sales resulting from increased travel following the general conclusion of the COVID-19 pandemic.
- Total operating revenues of the Solid Waste Fund increased \$455,224 or 9.3% compared to the prior year primarily due to increases in solid waste residential revenues; fees charged for small containers, extra pick-up, and delivery fees; and roll-off/compactor pick-up fees.
- Total operating revenues at the golf course increased by \$99,439 or 49.8% primarily as the result of increased play post pandemic.
- Total operating revenues of the Stormwater Fund decreased by \$31,823 or 3.2 as the result of \$32,422 grant revenues received by the City in the previous fiscal year.

As a result of the revenue and expense changes described above, all five of the City's proprietary funds experienced increases in their respective net positions during the 2022 fiscal year. The net position of the Water and Sewer Fund increased \$3,561,400 or 25.1%. The net position of the Municipal Airport Fund increased \$25,277 or 0.9%. The Solid Waste Fund's net position increased \$2,134,680 or 41.2%. The Stormwater Fund's net position increased \$249,286 or 1.8%, and, additionally, the net position of the Golf Fund increased by \$93,256.

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



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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 \$34,671,816, an increase over the prior year of \$7,138,695 or 25.9% (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 the 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 the 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 26.8% of the fund balance or \$9,291,672 (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 \$1,716,302 or 5.0%; Restricted \$11,001,498 or 31.7%; and Assigned \$12,662,344 or 36.5% (pg. 27).

The General Fund is the chief operating fund of the City. At the end of Fiscal Year 2022, the fund balance in the General Fund was \$9,291,926 (page 27 and 29), of which \$8,202,401 is in cash. There was a net increase in the General Fund's fund balance of \$104,930 or 1.1% 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 \$1,904,108 (pg. 85 and 89). It decreased during the year by \$13,401 or 0.7%. It should be noted, however, that the final budget for 2022 projected a decrease in the fund balance of the Debt Service Fund of \$55,323 (pg. 91). Thus, the actual decrease of \$13,401 is \$41,922 or 75.8% less than had been projected.
- The Assigned Projects Fund has a restricted fund balance of \$5,176,053 (pg. 27 and 29). This fund balance also decreased during the year by \$2,571,580 or 33.2% primarily due to capital projects that were paid by this fund. City Council passed an ordinance at the end of 2022 directing excess revenues above the City's \$104,930 budgeted amount for the General Fund be transferred into the Assigned Projects Fund. The amount of this transfer as of September 30, 2022, was \$2,034,517.

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- Similar to the Debt Service Fund, the City's final budget for 2022 projected a decrease in the fund balance of the Assigned Projects Fund of \$4,777,465 (pg. 90). Therefore, the actual decrease of \$2,571,580, as noted previously, is \$2,205,885 or 46.2% less than the City had projected.
- The Cable Peg Fee Fund has a restricted fund balance of \$189,227 (pages 83 and 87). This represents an \$18,601 or 9.0% decrease from the prior year. While revenues exceeded the budget by \$7,676 or 91.4%, expenditures also exceeded budget by \$12,677 or 57.6% resulting in a negative change to fund balance (pg. 98).
- The 2022 CO Bond Fund, which was established for continuing the City's SUMP for reconstructing streets; constructing a new fire station; and making certain improvements to existing buildings or facilities, including the City's waterworks and sewer system, has a restricted fund balance of \$7,478,784 (page 27) at the end of the current year. Meanwhile, the 2018 CO Bond Fund, which had a fund balance of \$1,549,618 at the end of the prior year, completed projects and was closed during 2022.
- The Hotel/Motel Fund accounts for occupancy tax revenues and expenditures and shows an ending restricted fund balance of \$1,287,369 (pg. 82 and 86). This amount reflects a \$421,779 or 48.7% fund balance increase from the 2021 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 \$400,258 or 61.6% as the increase in tourism and hotel occupancy that was experienced in the prior year continued through 2022.

**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 \$4,566,961; the Solid Waste Fund is \$1,818,006; Stormwater Utility Fund is \$1,054,641; Municipal Airport Fund is \$670,612; and the Golf Course Fund has an unrestricted net position of a negative \$25,244.

At fiscal year-end 2022, Gainesville's Water and Sewer Fund had an unrestricted cash balance of \$4,731,961. The Solid Waste Fund cash balance was \$3,171,434. The Stormwater Utility Fund cash balance was \$1,011,199. The Airport Fund's cash was \$721,105, and the Golf Fund's cash was \$65,257.

Business-type activities increased the City's net position by \$6,063,899 or 16.9% (pg. 8 and 34). As noted previously, all five of the City's proprietary funds saw an increase in net position for the 2022 fiscal year. Following are the key elements of these increases/decreases:

- The Water and Sewer Fund had an increase in net position of \$3,561,400 or 25.1% (page 33) and an increase in its net investment in capital assets of \$2,387,397 or 22.1%.
- The Solid Waste Fund increased its net position by \$2,134,680 or 41.2% and had an increase in net investment in capital assets of \$2,688,877 or 48.9% resulting from a project to expand and renovate the City's transfer station.
- The Stormwater Fund experienced an increase in net position of \$249,286 or 1.8%, and its net investment in capital assets increased by \$68,932 or 0.55% primarily due to depreciation.
- Net position of the City's municipal airport increased by \$25,277 or 0.9% as a result of the changes in its revenues and expenses noted previously.

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- The Golf Course Fund's total net position increased \$93,256 primarily because of the increase in operating revenues of \$99,439 or 49.8% noted previously. Additionally, operating expenses at the golf course increased only marginally at \$12,543 or 3.6%.

**General Fund Budgetary Highlights**

For the fiscal year 2022, the City budgeted an overall increase in the fund balance of the General Fund of \$104,930 (page 76). During the year, however, actual General Fund revenues exceeded projections by \$2,023,044 or 13.0% (page 75) while actual expenditures totaled \$1,016,786 or 5.3% less (page 76) than budgeted. As a result, at the close of fiscal year 2022, the City Council approved an ordinance directing that any excess funds in the General Fund greater than the City's budgeted amount of \$104,930 be placed into the City's Assigned Projects Fund. Accordingly, as of September 30, 2022, more than \$2 million 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 2022 were conservatively increased in the final budget by \$373,198 or 2.5% (page 75). However, the actual revenue total at year-end was more than the final budget by \$2,023,044 as noted above. Actual revenue finished greater than the final budget mainly due to higher than budgeted sales taxes of \$978,051. In addition, ad valorem taxes (\$131,103); franchise fees (\$166,972); service charges (\$146,675); beverage taxes (\$2,070); licenses and permits (\$74,763); fines and forfeitures (\$134,084); investment income (\$70,622); intergovernmental revenues (\$22,425); and other income (\$296,279) 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, seventeen came in under budget for the fiscal year (page 75). As noted above, actual total expenditures for fiscal year 2022 were under the final budget by \$1,016,786 or 5.3%.

The only General Fund departments over budget for the 2022 fiscal year were the City's public assistance program and the Central Garage. The \$14,688 budget overage on the public assistance program (page 75) can be attributed to the timing of payment allocations and expense reimbursements made to the City's local animal shelter, Noah's Ark. The \$9,027 budget overage for the Central Garage is due to unemployment benefits incurred that hadn't been budgeted for the year.

Because of the ordinance approved by the City Council at the close of the year, the actual ending fund balance of the General Fund is \$9,291,926 (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, \$55,271,004 or 64.7% (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, 2022 amounts to \$85,173,756 net of accumulated depreciation (pg. 7 and 24). The City's capital assets increased \$3,453,533 or 4.2%. This increase is comprised of an increase of \$494,108 or 1.6% from capital assets from the City's governmental activities and an increase of \$2,959,425 or 5.9% 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 \$1,551,606 on SUMP projects in the 2022 fiscal year.
- A project to expand and renovate Solid Waste's transfer station continued in Fiscal Year 2022 with a total of \$3,761,896 in cumulative project costs at year's end.
- The City made motorized vehicle additions of \$1,025,127 in governmental activities as well as vehicle additions of \$130,513 in business-type activities, for a total of \$1,155,640 in 2022.
- \$1,458,630 in capital assets of business-type activities were acquired or completed during the 2022 fiscal year. \$2,429,254 in capital assets of governmental activities were also acquired or completed during the fiscal year.

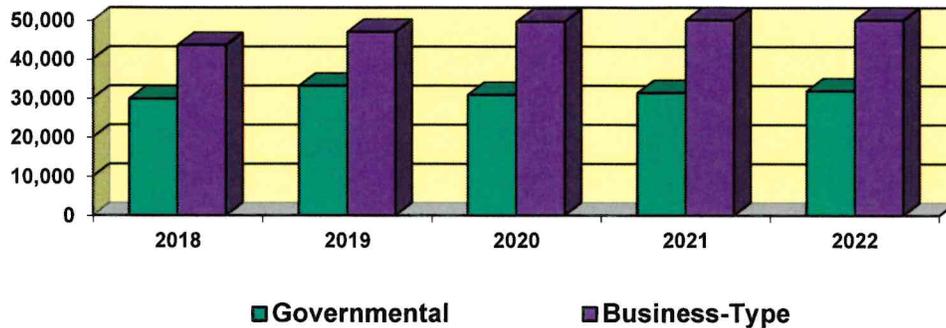
Additional information on the City's capital assets is found in note III D (pg. 50-53) of this report.

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$5,187,046	\$5,195,546	\$7,689,865	\$7,689,865	\$12,876,911	\$12,885,411
Buildings	12,464,389	12,602,531	18,806,029	18,733,990	31,270,418	31,336,521
Improvements	97,208,939	97,256,965	50,079,384	48,658,856	147,288,323	145,915,821
Machinery & equipment	11,387,056	10,602,837	11,656,152	11,122,170	23,043,208	21,725,007
Construction in progress	1,560,297	244,556	4,579,023	1,960,153	6,139,320	2,204,709
Less accumulated depreciation	(95,935,979)	(94,524,795)	(39,508,445)	(37,822,451)	(135,444,424)	(132,347,246)
<b>Total</b>	<b>\$31,871,748</b>	<b>\$31,377,640</b>	<b>\$53,302,008</b>	<b>\$50,342,583</b>	<b>\$85,173,756</b>	<b>\$81,720,223</b>

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
For the Year Ended September 30, 2022

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

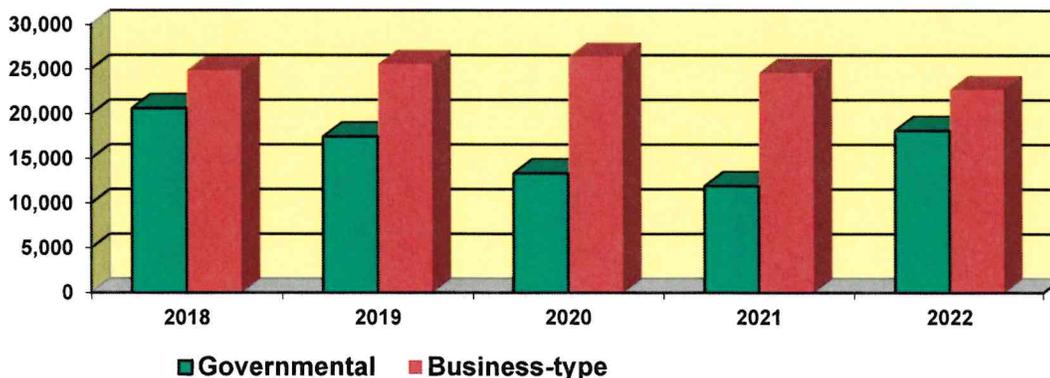


**Long-Term Debt.** As of September 30, 2022, the City of Gainesville had total debt outstanding of \$40,888,962 (see note III F. pg. 55-60). Of this amount, \$18,147,429 is in the City's governmental activities (pg. 54) and \$22,741,533 (pg. 56-57) is in the business-type activities. The City's total debt increased \$4,339,906 or 11.9% during fiscal year 2022. This increase is the result of the City's issuance of the 2022 Certificates of Obligation Bonds totaling \$7,692,621, including an issuance premium, less total debt principal payments or reductions of \$1,482,878 for governmental activities and \$1,869,837 for business-type activities.

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$5,737,081	\$6,764,811	\$7,142,916	\$8,015,190	\$12,879,997	\$14,780,001
Certificates of obligation bonds	11,152,558	4,180,728	14,752,441	15,679,271	25,904,999	19,859,999
Premium/Disc. /Capital leases	1,257,790	992,147	846,176	916,909	2,103,966	1,909,056
<b>Total</b>	<b>\$18,147,429</b>	<b>\$11,937,686</b>	<b>\$22,741,533</b>	<b>\$24,611,370</b>	<b>\$40,888,962</b>	<b>\$36,549,056</b>

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



**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2022**

For the 2022 fiscal year, the City retained a bond rating of “Aa3” with Moody’s 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 2023 budget will utilize the Assigned Projects Fund to pay approximately \$1.35 million in streets and utilities capital maintenance costs. Additionally, during the first quarter of Fiscal Year 2023, the City expects to pay down an additional \$500,000 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 2022, fifty-five (55) substandard structures were demolished and removed. Five permits were issued for new construction on these fifty-five lots during the year, with one of the new residences completed by year’s end. Additionally, ten (10) new construction permits were issued on residential infill lots from years previous to 2022. 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.

New home residential construction also continued in Black Hill Farms Phase I and Phase II during the 2022 fiscal year. Additionally, Lackland Holdings has started initial grading for a 105-lot residential subdivision on the east side of the City. Lackland has a total of 230 acres in the area and plans to develop a total of 850 residential lots. Bellum (16 lots) and Big Ellum (91 lots) subdivisions have zoning approved for a mix of low-density multifamily, single family residential, and commercial structures. Bellum is also currently building the infrastructure for sixteen (16) duplex lots within the City.

The City is also working with two apartment developers for large, high-density multifamily projects. Summa Terra has currently turned in plans to build 168 apartment units, but has adequate land and plans to build a total of 760 units as the market allows. Winston Hospitality has received zoning to allow the construction of 360 apartment units on US Highway 51 just west of the City’s downtown area.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2022**

In Fiscal Year 2022, the City annexed 139 acres at the request of Camp Howze Development Partners, LLC. Camp Howze is under contract to purchase another neighboring 126 acres, which is located adjacent to the BNSF railroad. This land is designated as a BNSF Certified Site, which means the site can be rail served. Camp Howze plans to develop the 265-acre site for rail served industries and a transload facility.

In addition to the above, the City's commercial development has continued to grow and reflects an economy that has added diversified sectors to the overall economy of the municipality. This is further exemplified by the following projects:

- GAF Materials Corporation received permitting for construction of a chemical building to be located at 1301 Corporate (\$3,876,000).
- Refinery Road Veterinary Clinic completed their facility and added an adjacent small animal clinic at 1913 Refinery Road (\$1,700,000).
- Chicken Express began a project and relocated its restaurant at 1206 N. Grand Avenue (\$850,000).
- Freddy's Frozen Custard & Steakhburgers completed and opened a new restaurant location at 901 N. Highway I-35 (\$500,000).
- Orteq Energy Services completed an interior finish-out of a previously constructed building located at 3401 W. Highway 82 (\$360,000).
- Smiles in Gainesville opened a dental office at 834 Highway 82 (\$332,200).
- Wingstop opened a new restaurant at 905 E. Highway 82 (\$235,000).
- Tile Liquidators opened a new retail location at 201 N. Highway I-35 (\$120,000).

The City of Gainesville expects growth to continue in the upcoming 2023 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 economic volatility of the oil and gas industry. In the City's Fiscal Year 2023 budget, the City has projected to collect \$6,250,000 in sales taxes, net of sales tax rebates. This amount is \$548,000 or 9.6% greater than the final budgeted sales tax revenues for the most recently completed 2022 fiscal year. However, in the latter stages of the year prior (fiscal 2021), the City had been 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. Despite the repayment of this amount, as noted previously, the City's actual sales tax revenues for 2022 exceeded its final budget by \$978,051 or 17.2%.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2022**

The other largest revenue source for the General Fund is ad valorem (property) taxes. For the upcoming fiscal year, the City decreased its property tax rate from \$0.6721 to \$0.6239 per \$100 of appraised property value. Despite this rate decrease, total ad valorem tax revenue (including delinquent penalties) in the General Fund is projected to increase over the prior year's final budget by \$447,147 or 6.6% as the result of continuing appreciation in property values and ongoing new construction. Total ad valorem tax revenue (including delinquent penalties) is projected to be \$9,407,725. This total is divided between the General Fund (\$7,164,147) and the Debt Service Fund (\$2,243,578).

### **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 a substantial grant revenue amount for the Municipal Airport Fund (noted below), revenues for the City's enterprise funds are projected to increase for Fiscal Year 2023 in comparison to the 2022 final budget by \$1,878,248 or 11.2%. Budgeted revenues for 2023 are projected to increase in all the City's enterprise funds with the exception of the Golf Fund as noted below.

### **Water and Sewer Fund**

The new 2023 fiscal year revenues for the Water and Sewer Fund are budgeted to be \$9,446,613, or an increase of \$645,156 or 7.3% over the City's final budget of the 2022 fiscal year. A transfer of \$882,933 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 the City's right-of-way, which is required for all utility services located within the City and which is required by the City Code.

Expenses are budgeted to increase by \$776,827 or 8.9% in Fiscal Year 2023, with increases projected for all divisions within the fund. Fees charged to customers for Water and Sewer services will be increased by 4% for the upcoming 2023 fiscal year.

### **Solid Waste Fund**

Revenues for the Solid Waste Fund have been budgeted to increase from the prior year's final budget by \$219,409 or 4.6% while expenses are expected to increase by \$467,358 or 9.9% due to increases in machinery and equipment costs as well as fuel. Fees for this fund will remain static in Fiscal Year 2023.

### **Airport Fund**

Excluding grant revenues of approximately \$680,000 that have been budgeted in Fiscal Year 2023 for rehabilitating and resurfacing the airport's taxiways, total revenues for the Municipal Airport Fund are still projected to increase by an additional \$1,033,439 or 73.4% in the new 2023 fiscal year. This increase is based upon the projection that air travel and, consequently, fuel sales will return to pre-pandemic levels. For 2023, fuel sales are budgeted to increase by \$1,040,000 or 91.2% over the City's final budget for Fiscal Year 2022.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2022**

Fuel sales, which are the greatest revenue source for the Municipal Airport Fund, continue to remain strong because of the City's geographic location and totaled \$1,524,083 in the 2022 fiscal year. This amount was \$384,083 or 33.7% over the City's 2022 final budget. Also in the past year, the Gainesville Municipal Airport was recognized as the 2022 Texas General Aviation Airport of the Year.

**Other Funds**

Stormwater Drainage's revenues for the upcoming 2023 fiscal year are budgeted to increase by \$2,010 or 0.2% over the City's 2022 final budget. The Golf Fund's revenues are actually budgeted to decrease by \$21,766 or 4.9% compared to the final budget for Fiscal Year 2022. Total expenses for both funds are projected to decrease in the new fiscal year. Expenses for the Stormwater Drainage Utility Fund are budgeted for a decrease of \$51,034 or 3.8%, while expenses for the Golf Fund are projected to decrease by \$21,112 or 4.8%. The more significant factors in these expense decreases are a decrease for debt service in Stormwater Drainage in 2023 and a decrease in capital expenditures for the Golf Fund.

**Additional information**

The Fiscal Year 2023 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 a previous year (2019), the City increased the employee portion of retirement funding to 6% of employee pay. As noted above, the City plans to pay down an additional \$500,000 of its unfunded employee pension liability with TMRS during the first quarter of Fiscal Year 2023 from excess fund balance amounts achieved during previous years. Gainesville's required contribution rate for the 2023 fiscal year is 11.04% per TMRS; however, the City is currently contributing at 12.60%.

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 current capital improvement program, capital projects for Fiscal Years 2022-2027 are projected to be \$52.88 million. Of this amount, recurring capital projects funded from the City's annual operating budgets total \$13.11 million. Nonrecurring projects amounting to \$39.77 million will be covered by debt service funds, long-term contracts, and project funds established from previous budgets. Among the capital expenditures projects included in the City's operating budget for Fiscal Year 2023 are the following:

- The Water and Sewer Fund is projecting to spend \$165,000 to purchase automated water meters and hydrants.
- The Police Department has budgeted \$42,823 for the purchase of patrol vehicles, and, in addition, another \$101,161 has been budgeted in the Assigned Projects Fund for police vehicles.

**City of Gainesville, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2022**

- Impacting the Fiscal Year 2023 operations budget, the Fire Department will make the City's final payment (\$141,860) on a ladder truck that had been acquired during the 2019 fiscal year.
- The City has budgeted \$45,000 in the 2023 fiscal year for the replacement of two HVAC units at the Civic Center.
- As part of the City's Street and Utility Maintenance Program (SUMP), \$1,350,000 has been budgeted from the Assigned Projects Fund in 2023 for street repairs and/or reconstruction.
- Capital improvements at the Municipal Airport are projected at \$770,050 for the 2023 fiscal year. As noted previously, grant revenues of \$680,000 will be used to fund a significant portion of the improvements.
- The Water and Sewer Fund is projecting to spend \$249,000 at the Moss Lake treatment facility for the replacement of filter media.
- The Water and Sewer Fund has budgeted to spend \$155,000 for the purchase of a tandem axel dump truck for its wastewater collections division.
- The Water and Sewer Fund has budgeted to spend \$248,522 for the replacement and maintenance of certain water storage tanks and facilities located in various areas of the City.
- The Solid Waste Fund has budgeted \$347,227 for the acquisition of a new truck and long-haul trailer to transport solid waste to the landfill.
- The Solid Waste Fund has also budgeted \$82,200 for residential carts and metal refuse containers.
- The Stormwater Utility Fund has budgeted \$167,000 for the purchase of a new diesel skid steer loader and pickup truck.

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Basic  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2022**

	<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	\$ 26,301,050	\$ 9,700,956	\$ 36,002,006	\$ 3,839,177
Investments	-	-	-	500,000
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,505,922	-	1,505,922	282,995
Service	-	1,618,143	1,618,143	-
Other	1,124,858	109,293	1,234,151	16,683
Inventories	254	-	254	-
<b>Total Current Assets</b>	<b>28,932,084</b>	<b>11,428,392</b>	<b>40,360,476</b>	<b>4,638,855</b>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets</b>				
Cash	7,517,504	3,055,445	10,572,949	-
Non-depreciable Capital Assets	6,747,343	12,268,888	19,016,231	1,404,032
Other Capital Assets (net)	25,124,405	41,033,120	66,157,525	2,302,625
<b>Total Noncurrent Assets</b>	<b>39,389,252</b>	<b>56,357,453</b>	<b>95,746,705</b>	<b>3,706,657</b>
<b>TOTAL ASSETS</b>	<b>68,321,336</b>	<b>67,785,845</b>	<b>136,107,181</b>	<b>8,345,512</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding	275,103	138,158	413,261	-
Deferred Outflows Related to Pension-TMRS	1,231,682	347,721	1,579,403	30,287
Deferred Outflows Related to OPEB	142,185	32,851	175,036	3,496
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,648,970</b>	<b>518,730</b>	<b>2,167,700</b>	<b>33,783</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	792,412	1,022,182	1,814,594	4,740
Accrued Expense	656,120	121,820	777,940	11,756
Interest Payable	171,386	85,289	256,675	-
Deposits	10,816	289,153	299,969	1,500
Current Portion-Long Term Debt	1,185,078	1,676,533	2,861,611	305,581
<b>Total Current Liabilities</b>	<b>2,815,812</b>	<b>3,194,977</b>	<b>6,010,789</b>	<b>323,577</b>
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	423,788	59,580	483,368	3,512
Postclosure Care Costs	-	750,408	750,408	-
Net Pension Liability-TMRS	2,914,194	673,279	3,587,473	71,661
Net OPEB Liability	733,286	169,415	902,701	18,032
Long-Term Debt	16,962,351	21,065,000	38,027,351	355,339
<b>Total Noncurrent Liabilities</b>	<b>21,033,619</b>	<b>22,717,682</b>	<b>43,751,301</b>	<b>448,544</b>
<b>TOTAL LIABILITIES</b>	<b>23,849,431</b>	<b>25,912,659</b>	<b>49,762,090</b>	<b>772,121</b>
<b>DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS</b>				
Deferred Inflows Related to Pension-TMRS	2,466,648	536,471	3,003,119	60,654
Deferred Inflows Related to OPEB	70,952	16,391	87,343	1,745
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,537,600</b>	<b>552,862</b>	<b>3,090,462</b>	<b>62,399</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	21,516,926	33,754,078	55,271,004	3,045,737
Restricted for:				
Debt Service	1,904,108	-	1,904,108	-
Construction	7,478,784	-	7,478,784	-
Tourism & the Arts	1,287,369	-	1,287,369	-
Cemetery (nonexpendable)	1,716,048	-	1,716,048	-
Public Safety	331,237	-	331,237	-
Unrestricted	9,348,803	8,084,976	17,433,779	4,499,038
<b>TOTAL NET POSITION</b>	<b>\$ 43,583,275</b>	<b>\$ 41,839,054</b>	<b>\$ 85,422,329</b>	<b>\$ 7,544,775</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, 2022**

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	\$ 2,646,847	\$ 14,318	\$ 3,000	\$ (2,629,529)	\$ -	\$ (2,629,529)	\$ -
Community Development	451,724	519,193	-	67,469	-	67,469	-
Finance	542,531	-	-	(542,531)	-	(542,531)	-
Public Safety	10,501,942	430,403	16,545	(10,054,994)	-	(10,054,994)	-
Public Works	4,561,107	1,168,066	2,110,023	(1,283,018)	-	(1,283,018)	-
Additional Payments on Pension Liability	500,000	-	-	(500,000)	-	(500,000)	-
Bond Issuance Costs	122,002	-	-	(122,002)	-	(122,002)	-
Interest on Long-Term Debt	325,791	-	-	(325,791)	-	(325,791)	-
<b>Total Governmental Activities</b>	<b>19,651,944</b>	<b>2,131,980</b>	<b>2,129,568</b>	<b>(15,390,396)</b>	<b>-</b>	<b>(15,390,396)</b>	<b>-</b>
<b>Business-Type Activities</b>							
Water and Sewer	6,096,339	9,141,988	-	-	3,045,649	3,045,649	-
Municipal Airport	1,773,743	1,719,344	54,452	-	53	53	-
Golf Course	363,866	275,014	-	-	(88,852)	(88,852)	-
Stormwater	748,161	965,199	-	-	217,038	217,038	-
Solid Waste	3,561,529	5,230,254	-	-	1,668,725	1,668,725	-
<b>Total Business-Type Activities</b>	<b>12,543,638</b>	<b>17,331,799</b>	<b>54,452</b>	<b>-</b>	<b>4,842,613</b>	<b>4,842,613</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 32,195,582</b>	<b>\$ 19,463,779</b>	<b>\$ 2,184,020</b>	<b>\$ (15,390,396)</b>	<b>\$ 4,842,613</b>	<b>\$ (10,547,783)</b>	<b>\$ -</b>
<b>Component Unit:</b>							
Gainesville Economic Development Corp.	\$ 822,252	\$ 729,999	\$ -	\$ -	\$ -	\$ -	\$ (92,253)
<b>General Revenues:</b>							
<b>Taxes</b>							
Property Taxes				\$ 9,041,592	\$ -	9,041,592	\$ -
Sales Taxes				6,680,051	-	6,680,051	1,330,210
Franchise Fees				1,290,972	-	1,290,972	-
Occupancy Taxes				1,050,258	-	1,050,258	-
Mixed Beverage Taxes				37,070	-	37,070	-
Investment Income				229,576	87,174	316,750	7,673
Miscellaneous				1,283,623	251,055	1,534,678	-
Transfers In (Out) between Governmental and Business-Type Activities				(883,057)	883,057	-	-
<b>Total General Revenues and Transfers</b>				<b>18,730,085</b>	<b>1,221,286</b>	<b>19,951,371</b>	<b>\$ 1,337,883</b>
<b>Change in Net Position</b>							
<b>Net Position-October 1</b>				<b>3,339,689</b>	<b>6,063,899</b>	<b>9,403,588</b>	<b>1,245,630</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>
				<b>\$ 43,583,275</b>	<b>\$ 41,839,054</b>	<b>\$ 85,422,329</b>	<b>\$ 7,544,775</b>



Governmental Fund  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	<b>MAJOR FUNDS</b>				<b>TOTAL</b>
	<b>GENERAL FUND</b>	<b>ASSIGNED PROJECTS FUND</b>	<b>2022 CO BOND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	
<b>ASSETS:</b>					
Cash	\$ 8,202,401	\$ 5,157,417	\$ 7,517,504	\$ 12,941,232	\$ 33,818,554
Investments	-	-	-	-	-
Receivables (Net of Allowances for Uncollectible)	-	-	-	-	-
Taxes	1,454,460	-	-	51,462	1,505,922
Other	929,146	41,000	-	154,712	1,124,858
Inventory	254	-	-	-	254
Interfund Receivable	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>10,586,261</b>	<b>5,198,417</b>	<b>7,517,504</b>	<b>13,147,406</b>	<b>36,449,588</b>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 360,437	\$ 22,364	\$ 38,720	\$ 370,891	\$ 792,412
Accrued Payroll & Benefits	232,332	-	-	-	232,332
Funds Held for Others	10,816	-	-	-	10,816
Interfund Payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>603,585</b>	<b>22,364</b>	<b>38,720</b>	<b>370,891</b>	<b>1,035,560</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable Revenue	690,750	-	-	51,462	742,212
<b>FUND BALANCES:</b>					
<b>Nonspendable:</b>					
Inventories	254	-	-	-	254
Cemetery	-	-	-	1,716,048	1,716,048
<b>Restricted:</b>					
Debt Service	-	-	-	1,904,108	1,904,108
Construction	-	-	7,478,784	-	7,478,784
Tourism and the Arts	-	-	-	1,287,369	1,287,369
Other	-	-	-	331,237	331,237
<b>Assigned:</b>					
Construction	-	-	-	784	784
Other	-	5,176,053	-	7,485,507	12,661,560
<b>Unassigned</b>	<b>9,291,672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,291,672</b>
<b>TOTAL FUND BALANCES</b>	<b>9,291,926</b>	<b>5,176,053</b>	<b>7,478,784</b>	<b>12,725,053</b>	<b>34,671,816</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 10,586,261</b>	<b>\$ 5,198,417</b>	<b>\$ 7,517,504</b>	<b>\$ 13,147,406</b>	<b>\$ 36,449,588</b>

**CITY OF GAINESVILLE, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**September 30, 2022**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 34,671,816</b>
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Taxes and municipal court fines are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	742,211
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 \$95,935,980.	31,871,748
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.	(171,386)
Certificates of obligation and bonds payable are not reported as liabilities in the governmental fund balance sheet. This amount represents total noncurrent liabilities related to governmental activities.	(17,026,256)
Costs associated with long term debt are not reported in the governmental funds balance sheets.	
Deferred Loss on Early Extinguishment of Debt	275,103
Premium on Bonds	(1,121,173)
Compensated absences are not reported as liabilities in the governmental fund balance sheet.	(847,575)
Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of (\$2,914,194), a deferred resource inflow in the amount of (\$2,466,648) and a deferred resource outflow in the amount of \$1,231,682. This resulted in a decrease in net position by (\$4,149,160)	(4,149,160)
Included in the noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of (\$733,286), a deferred resource inflow in the amount of (\$70,952) and a deferred outflow in the amount of \$142,185. This resulted in a decrease in net position by (\$662,053).	(662,053)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 43,583,275</u></b>

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

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL
	GENERAL	ASSIGNED PROJECTS FUND	2022 CO BONDS		
<b>REVENUES:</b>					
Taxes					
Ad Valorem Taxes	\$ 6,848,103	\$ -	\$ -	\$ 2,194,064	\$ 9,042,167
Sales Taxes	6,680,051	-	-	-	6,680,051
Franchise Tax	1,290,972	-	-	-	1,290,972
Occupancy Tax	-	-	-	1,050,258	1,050,258
Mixed Beverage Tax	37,070	-	-	-	37,070
Service Charges	1,206,025	-	-	8,472	1,214,497
License & Permits	472,763	-	-	14,318	487,081
Fines & Forfeitures	395,334	-	-	35,194	430,528
Investment Income	80,622	35,090	49,194	64,670	229,576
Intergovernmental Revenues	22,425	-	-	2,107,143	2,129,568
Other Income	563,607	541,642	7,419	327,032	1,439,700
<b>TOTAL REVENUES</b>	<u>17,596,972</u>	<u>576,732</u>	<u>56,613</u>	<u>5,801,151</u>	<u>24,031,468</u>
<b>EXPENDITURES:</b>					
Current					
General Government	1,824,467	69,343	-	346,295	2,240,105
Community Development	472,629	-	-	-	472,629
Finance	584,037	-	-	-	584,037
Public Safety	10,557,322	-	-	24,275	10,581,597
Public Works	3,729,781	-	-	346,073	4,075,854
Additional Payments on Pension Liability	500,000	1,037,000	-	-	1,537,000
Debt Service					
Principal	170,562	-	-	1,235,899	1,406,461
Interest and Other Charges	10,298	-	-	297,479	307,777
Bond Issuance Costs	-	-	122,002	-	122,002
Capital Outlay	271,413	1,265,428	202,829	689,586	2,429,256
<b>TOTAL EXPENDITURES</b>	<u>18,120,509</u>	<u>2,371,771</u>	<u>324,831</u>	<u>2,939,607</u>	<u>23,756,718</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(523,537)</u>	<u>(1,795,039)</u>	<u>(268,218)</u>	<u>2,861,544</u>	<u>274,750</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of Long-term Debt	-	-	7,180,000	-	7,180,000
Premium on Debt Issuance	-	-	567,002	-	567,002
Funds Transferred In	2,978,649	2,034,517	-	2,524,385	7,537,551
Funds Transferred Out	(2,350,182)	(2,811,058)	-	(3,259,368)	(8,420,608)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>628,467</u>	<u>(776,541)</u>	<u>7,747,002</u>	<u>(734,983)</u>	<u>6,863,945</u>
<b>NET CHANGE IN FUND BALANCES</b>	104,930	(2,571,580)	7,478,784	2,126,561	7,138,695
<b>FUND BALANCE - October 1</b>	9,186,996	7,747,633	-	10,598,492	27,533,121
<b>FUND BALANCE - September 30</b>	<u>\$ 9,291,926</u>	<u>\$ 5,176,053</u>	<u>\$ 7,478,784</u>	<u>\$ 12,725,053</u>	<u>\$ 34,671,816</u>

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

**CITY OF GAINESVILLE, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2022**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 7,138,695
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.	2,273,180
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:	105,952
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.	(1,779,072)
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.	(120,748)
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.	(123,966)
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.	(6,340,541)
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.	(698)
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	2,232,963
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	(46,076)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 3,339,689</u>



Proprietary Fund  
Financial Statements

**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2022**

ASSETS	WATER & SEWER	MUNICIPAL AIRPORT	SOLID WASTE	OTHER ENTERPRISE FUNDS		TOTAL
				STORMWATER	GOLF FUND	
Cash	\$ 4,731,961	\$ 721,105	\$ 3,171,434	\$ 1,011,199	\$ 65,257	\$ 9,700,956
Receivables (Net of Allowances for Uncollectible)						-
Service	881,955	12,789	623,391	100,008	-	1,618,143
Other	109,293	-	-	-	-	109,293
<b>Total Current Assets</b>	<b>5,723,209</b>	<b>733,894</b>	<b>3,794,825</b>	<b>1,111,207</b>	<b>65,257</b>	<b>11,428,392</b>
<b>Noncurrent Assets:</b>						
Restricted Assets:						
Cash	-	-	3,055,445	-	-	3,055,445
Non-depreciable Capital Assets	849,546	306,702	3,743,994	7,338,590	30,056	12,268,888
Other Capital Assets (net)	27,533,691	1,984,492	1,762,365	9,659,471	93,101	41,033,120
<b>Total Noncurrent Assets</b>	<b>28,383,237</b>	<b>2,291,194</b>	<b>8,561,804</b>	<b>16,998,061</b>	<b>123,157</b>	<b>56,357,453</b>
<b>TOTAL ASSETS</b>	<b>34,106,446</b>	<b>3,025,088</b>	<b>12,356,629</b>	<b>18,109,268</b>	<b>188,414</b>	<b>67,785,845</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding	48,106	3,181	34,621	48,745	3,505	138,158
Deferred Outflow Related to Pension	196,160	16,063	101,293	11,906	22,299	347,721
Deferred Outflow Related to OPEB	18,532	1,518	9,569	1,125	2,107	32,851
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>262,798</b>	<b>20,762</b>	<b>145,483</b>	<b>61,776</b>	<b>27,911</b>	<b>518,730</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	149,589	3,115	856,837	1,724	10,917	1,022,182
Accrued Expense	63,209	8,226	37,360	3,644	9,381	121,820
Interest Payable	58,125	64	12,229	14,836	35	85,289
Customer Deposits	282,628	-	6,525	-	-	289,153
Revenue Bonds Payable-Current Portion	1,088,415	3,347	173,152	409,801	1,818	1,676,533
<b>Total Current Liabilities</b>	<b>1,641,966</b>	<b>14,752</b>	<b>1,086,103</b>	<b>430,005</b>	<b>22,151</b>	<b>3,194,977</b>
<b>Noncurrent Liabilities:</b>						
Accrued Compensated Absences	30,113	4,989	17,791	1,611	5,076	59,580
Postclosure Care Costs Payable	-	-	750,408	-	-	750,408
Net Pension Liability	379,817	31,103	196,129	23,052	43,178	673,279
Net OPEB Liability	95,572	7,826	49,351	5,801	10,865	169,415
Revenue Bonds Payable	14,164,201	14,145	2,921,262	3,957,711	7,681	21,065,000
<b>Total Noncurrent Liabilities</b>	<b>14,669,703</b>	<b>58,063</b>	<b>3,934,941</b>	<b>3,988,175</b>	<b>66,800</b>	<b>22,717,682</b>
<b>TOTAL LIABILITIES</b>	<b>16,311,669</b>	<b>72,815</b>	<b>5,021,044</b>	<b>4,418,180</b>	<b>88,951</b>	<b>25,912,659</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred Inflow Related to Pension	302,640	24,783	156,276	18,368	34,404	536,471
Deferred Inflow Related to OPEB	9,247	757	4,775	561	1,051	16,391
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>311,887</b>	<b>25,540</b>	<b>161,051</b>	<b>18,929</b>	<b>35,455</b>	<b>552,862</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	13,178,727	2,276,883	5,502,011	12,679,294	117,163	33,754,078
Unrestricted	4,566,961	670,612	1,818,006	1,054,641	(25,244)	8,084,976
<b>TOTAL NET POSITION</b>	<b>\$ 17,745,688</b>	<b>\$ 2,947,495</b>	<b>\$ 7,320,017</b>	<b>\$ 13,733,935</b>	<b>\$ 91,919</b>	<b>\$ 41,839,054</b>

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

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**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>WATER &amp; SEWER</b>	<b>MUNICIPAL AIRPORT</b>	<b>SOLID WASTE</b>	<b>STORMWATER</b>	<b>OTHER ENTERPRISE FUNDS GOLF FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 9,141,988	\$ 1,719,344	\$ 5,230,254	\$ 965,199	\$ 275,014	\$ 17,331,799
Grant Revenue	-	54,452	-	-	-	54,452
Other Income	87,318	7,498	132,180	-	24,059	251,055
<b>TOTAL OPERATING REVENUES</b>	<u>9,229,306</u>	<u>1,781,294</u>	<u>5,362,434</u>	<u>965,199</u>	<u>299,073</u>	<u>17,637,306</u>
<b>OPERATING EXPENSES</b>						
Salaries and Benefits	1,737,981	159,435	894,152	70,153	227,330	3,089,051
Supplies, Materials, Repair and Maintenance	849,165	1,334,984	672,339	18,935	67,978	2,943,401
Heat, Light and Power	403,576	17,992	9,161	-	11,030	441,759
GTUA Payments	991,941	-	-	-	-	991,941
Additional Payments on Pension Liability	100,000	-	250,000	84,000	-	434,000
Other	715,790	44,361	1,384,889	36,486	50,244	2,231,770
Depreciation	881,748	216,307	251,743	420,071	6,793	1,776,662
<b>TOTAL EXPENSES</b>	<u>5,680,201</u>	<u>1,773,079</u>	<u>3,462,284</u>	<u>629,645</u>	<u>363,375</u>	<u>11,908,584</u>
<b>OPERATING INCOME (LOSS)</b>	<u>3,549,105</u>	<u>8,215</u>	<u>1,900,150</u>	<u>335,554</u>	<u>(64,302)</u>	<u>5,728,722</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	33,720	4,985	41,937	6,331	201	87,174
Interest Expense	(416,138)	(664)	(99,245)	(118,516)	(491)	(635,054)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(382,418)</u>	<u>4,321</u>	<u>(57,308)</u>	<u>(112,185)</u>	<u>(290)</u>	<u>(547,880)</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>3,166,687</u>	<u>12,536</u>	<u>1,842,842</u>	<u>223,369</u>	<u>(64,592)</u>	<u>5,180,842</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Transfers In	1,699,184	12,741	1,280,774	385,583	157,848	3,536,130
Transfers Out	(1,304,471)	-	(988,936)	(359,666)	-	(2,653,073)
<b>NET TRANSFERS</b>	<u>394,713</u>	<u>12,741</u>	<u>291,838</u>	<u>25,917</u>	<u>157,848</u>	<u>883,057</u>
<b>CHANGE IN NET POSITION</b>	<u>3,561,400</u>	<u>25,277</u>	<u>2,134,680</u>	<u>249,286</u>	<u>93,256</u>	<u>6,063,899</u>
<b>NET POSITION, OCTOBER 1</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>
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$ 17,745,688</u>	<u>\$ 2,947,495</u>	<u>\$ 7,320,017</u>	<u>\$ 13,733,935</u>	<u>\$ 91,919</u>	<u>\$ 41,839,054</u>

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

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**CITY OF GAINESVILLE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>WATER AND SEWER FUND</b>	<b>MUNICIPAL AIRPORT</b>	<b>SOLID WASTE FUND</b>	<b>STORMWATER</b>	<b>OTHER ENTERPRISE FUND GOLF</b>	<b>TOTALS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 9,500,445	\$ 1,750,825	\$ 5,373,466	\$ 971,904	\$ 299,073	\$ 17,895,713
Grants for routine maintenance	-	54,452	-	-	-	54,452
Payments to Suppliers for Goods and Services	(2,968,606)	(1,500,260)	(1,573,173)	(208,465)	(137,409)	(6,387,913)
Payments to Employees	(2,117,039)	(180,126)	(1,180,578)	(170,059)	(257,102)	(3,904,904)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>4,414,800</u>	<u>124,891</u>	<u>2,619,715</u>	<u>593,380</u>	<u>(95,438)</u>	<u>7,657,348</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfers In	326,673	12,741	1,280,774	385,583	157,848	2,163,619
Transfers Out	(1,304,471)	-	(988,936)	(359,666)	-	(2,653,073)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(977,798)</u>	<u>12,741</u>	<u>291,838</u>	<u>25,917</u>	<u>157,848</u>	<u>(489,454)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of Capital Assets	(906,060)	(18,550)	(2,639,253)	(45,200)	-	(3,609,063)
Payment of Postclosure Care Costs	-	-	44,464	-	-	44,464
Principal Paid on Bonds and Certificates of Obligation	(1,097,115)	(12,002)	(241,510)	(441,959)	(6,517)	(1,799,103)
Proceeds from Debt Issuance	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Interest and Paying Agent Fees Paid on Bonds, Notes, and Certificates of Obligation	(476,412)	(739)	(102,421)	(121,820)	(401)	(701,793)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(2,479,587)</u>	<u>(31,291)</u>	<u>(2,938,720)</u>	<u>(608,979)</u>	<u>(6,918)</u>	<u>(6,065,495)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on Investments	33,720	4,985	44,522	6,331	201	89,759
Proceeds from Maturities of Investments	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>33,720</u>	<u>4,985</u>	<u>44,522</u>	<u>6,331</u>	<u>201</u>	<u>89,759</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<u>991,135</u>	<u>111,326</u>	<u>17,355</u>	<u>16,649</u>	<u>55,693</u>	<u>1,192,158</u>
<b>CASH - October 1</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>CASH - September 30</b>	<u>\$ 4,731,961</u>	<u>\$ 721,105</u>	<u>\$ 6,226,879</u>	<u>\$ 1,011,199</u>	<u>\$ 65,257</u>	<u>\$ 12,756,401</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 3,549,105	\$ 8,215	\$ 1,900,150	\$ 335,554	\$ (64,302)	\$ 5,728,722
Adjustments:						
Depreciation Expense	881,748	216,307	251,743	420,071	6,793	1,776,662
Pension Expense	(284,828)	(23,499)	(147,024)	(17,698)	(32,051)	(505,100)
Disposal of Fixed Assets	161,315	-	84,172	-	-	245,487
Change in Assets and Liabilities:						
Receivables, Net	88,949	23,983	9,077	6,705	-	128,714
Accounts Payable	(8,134)	(102,923)	493,216	(153,044)	(8,157)	220,958
Accrued Expense	5,770	2,808	26,426	1,792	2,279	39,075
Customer Deposits	20,875	-	1,955	-	-	22,830
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 4,414,800</u>	<u>\$ 124,891</u>	<u>\$ 2,619,715</u>	<u>\$ 593,380</u>	<u>\$ (95,438)</u>	<u>\$ 7,657,348</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.

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, 2022**

**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 have been 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, 2021 to September 30, 2022. 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 how 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, 2022:

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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.

2022 CO Bond – This fund is used to account for the proceeds of the 2022 Certificates of Obligation. Expenditures are limited to projects set forth in the planning documents for this debt issuance.

The City reports the following major proprietary funds at September 30, 2022:

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 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, Impact Fees Service Area A, Municipal Court Juvenile Case Manager, Hospital Demolition, City Athletic Fields, State Seizure, Cable Peg Fee, Coronavirus Fund, FEMA, American Recovery Grant, and Impact Fees Service Area B. 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 CO 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,

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revenues are recognized when both "measurable and available." Measurable means knowing, or being capable of calculating or estimating, the amount to be received.

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

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 the 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

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is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The enterprise funds of the City are classified as business-type activities in the government-wide statements of net position and activities.

**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 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, 2022, 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

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proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method. The estimated useful lives of all depreciable assets are as follows:

Buildings, systems, and improvements	15-30 years
Machinery, vehicles and other equipment	3-15 years
Furniture and fixtures	3-10 years
Infrastructure	25-100 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, 2022.

**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 monthly.

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

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

Fire Department employees earn vacation time at the following rates:

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

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

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

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

**7. Long-term Obligations**

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

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether 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 consists 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

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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.

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 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 people 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,

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and Enterprise Funds. Project-length budgets are adopted for Capital Project Funds. Appropriations for certain non-budgeted special revenue funds and capital projects funds are controlled on a project basis and are carried forward each year until the project is completed or the grant receipts are expended. The following governmental funds have legally adopted budgets: General Fund, Municipal Court Security, Municipal Court Technology, Hotel/Motel, Law Enforcement Officer Education, City Athletic Fields, American Recovery, 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, 2022, expenditures exceeded appropriations in the following funds:

General Fund:	
Public Assistance Programs	\$ 14,688
Central Garage	9,027
Nonmajor Governmental Funds:	
Debt Service Fund	553
Municipal Court Technology	100
Cable Peg Fee Fund	12,677

**C. Deficit Fund Equity**

There were no funds with deficit fund balances.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

Cash on Hand	\$ 5,950
Cash Equivalents - TexStar & TexPool	44,130,357
Cash in Banks	6,277,825
Total Cash and Cash Equivalents	\$ 50,414,132

	Governmental Activities	Business Activities	Component Unit	Total
Cash and Cash Equivalents	\$ 26,301,050	\$ 9,700,956	\$ 3,839,177	\$ 39,841,183
Restricted Cash and Cash Equivalents	7,517,504	3,055,445	-	10,572,949
Totals	\$ 33,818,554	\$ 12,756,401	\$ 3,839,177	\$ 50,414,132

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 the 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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waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

**Deposits** - At September 30, 2022, the City had \$5,950 of cash on hand. The carrying amount of the City's cash in bank totaled \$6,277,825 and bank balance was \$6,603,042. During the year, the deposits were fully covered by Federal Depository Insurance amounting to \$250,000 and with securities held by the pledging financial institution in the depositor-government's name. The carrying amount of the Gainesville Economic Development Corporation's cash in bank as of September 30, 2022, as reflected in the statement of net position was \$2,889,377 and the bank balance was \$2,923,445. During the year, the deposits of the GEDC were fully covered by Federal Depository Insurance amounting to \$250,000 and with securities held by the pledging financial institution.

**Investments-**

Investment Type	Rating	Total	Investment Maturities			
			Less than 1	1-5	5 years or more	
Certificates of Deposits		\$ 500,000	\$ 500,000	\$ -	\$ -	
			Governmental Activities	Business Activities	Component Unit	Total
Investments		\$ -	\$ -	\$ 500,000	\$ 500,000	

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

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

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

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

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

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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 people who do not have a business relationship with TexPool. The Advisory Board members review 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 are 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 is 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 \$11,823,176 on deposit with TexPool and \$31,248,954 on deposit with TexStar at September 30, 2022. The GEDC had \$1,058,227 on deposit with TexStar at September 30, 2022.

**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, 2022, 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 the 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, 2022 is as follows:

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

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.

**CITY OF GAINESVILLE, TEXAS**  
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**B. Receivables**

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the City. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which it was 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 are 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, 2022, the rates were \$.4974 and \$.1747, respectively, per \$100 of assessed value. At September 30, 2022, the City had a tax margin of \$1.8279 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, 2022, 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	Assigned Projects	Nonmajor Funds	Total		
Property Taxes	\$ 177,410	\$ -	\$ 75,440	\$ 252,850		
Sales Tax	1,322,830	-	-	1,322,830		
Other Local Fees	-	-	94,940	94,940		
Franchise Fees	80,512	-	-	80,512		
Court Warrants	1,636,694	-	-	1,636,694		
Grants	-	-	-	-		
Other	16,419	41,000	59,772	117,191		
	<u>3,233,865</u>	<u>41,000</u>	<u>230,152</u>	<u>3,505,017</u>		
Allowance for Uncollectible	(850,259)	-	(23,978)	(874,237)		
Net Receivables	<u>\$ 2,383,606</u>	<u>\$ 41,000</u>	<u>\$ 206,174</u>	<u>\$ 2,630,780</u>		
	Proprietary Funds					
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor-Golf Fund	Total
Service Receivables	\$ 922,059	\$ 12,789	\$ 650,975	\$ 105,765	\$ -	\$ 1,691,588
Grants	-	-	-	-	-	-
Other	109,294	-	-	-	-	109,294
	<u>1,031,353</u>	<u>12,789</u>	<u>650,975</u>	<u>105,765</u>	<u>-</u>	<u>1,800,882</u>
Allowance for Uncollectible	(40,105)	-	(27,584)	(5,757)	-	(73,446)
Net Receivables	<u>\$ 991,248</u>	<u>\$ 12,789</u>	<u>\$ 623,391</u>	<u>\$ 100,008</u>	<u>\$ -</u>	<u>\$ 1,727,436</u>

**CITY OF GAINESVILLE, TEXAS**  
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**C. Interfund Receivables, Payables, and Transfers**

**1. Interfund Receivables and Payables**

During 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 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.

There were no interfund receivables or payables as of September 30, 2022.

**2. Interfund Transfers**

The following is a summary of interfund operating transfers:

	<b>Transfers Out</b>			<b>Transfers In</b>					<b>Total</b>
	<b>General Fund</b>	<b>Assigned Projects</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer</b>	<b>Airport</b>	<b>Solid Waste</b>	<b>Storm Water</b>	<b>Nonmajor Enter.</b>	
General Fund	\$ -	\$ 1,993,517	\$ 233,485	\$ -	\$ -	\$ -	\$ -	\$ 123,180	\$ 2,350,182
Assigned Project	11,846	-	2,139,230	659,982	-	-	-	-	2,811,058
Nonmajor Govern.	465,195	41,000	205	1,039,202	12,741	1,280,774	385,583	34,668	3,259,368
Water & Sewer	1,304,471	-	-	-	-	-	-	-	1,304,471
Solid Waste	988,936	-	-	-	-	-	-	-	988,936
Stormwater	208,201	-	151,465	-	-	-	-	-	359,666
<b>Total</b>	<b>\$ 2,978,649</b>	<b>\$ 2,034,517</b>	<b>\$ 2,524,385</b>	<b>\$ 1,699,184</b>	<b>\$ 12,741</b>	<b>\$ 1,280,774</b>	<b>\$ 385,583</b>	<b>\$ 157,848</b>	<b>\$ 11,073,681</b>

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

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**D. Capital Assets**

Capital asset activity for the year ended September 30, 2022 was as follows:

<b>Governmental Activities:</b>	<b>Balance 10/1/2021</b>	<b>Additions/ Completions</b>	<b>Deletions &amp; Reclassifications</b>	<b>Transfer to Proprietary</b>	<b>Balance 9/30/2022</b>
Non-Depreciable Capital Assets:					
Construction					
in Progress	\$ 244,556	\$ 1,279,668	\$ 36,073	\$ -	\$ 1,560,297
Land & Land Rights	5,195,546	1,500	(10,000)	-	5,187,046
	<u>5,440,102</u>	<u>1,281,168</u>	<u>26,073</u>	<u>-</u>	<u>6,747,343</u>
Depreciable Capital Assets:					
Motorized Vehicle	7,056,664	1,025,127	(263,985)	(30,536)	7,787,270
Machinery & Equip.	2,635,080	122,959	-	-	2,758,039
Office Equip, Furniture & Fixtures	911,093	-	(69,346)	-	841,747
Buildings	12,602,531	-	(138,142)	-	12,464,389
Improvements	97,256,965	-	(48,026)	-	97,208,939
	<u>120,462,333</u>	<u>1,148,086</u>	<u>(519,499)</u>	<u>(30,536)</u>	<u>121,060,384</u>
Less Accumulated Depreciation:					
Motorized Vehicle	(4,471,577)	(267,114)	236,415	-	(4,502,276)
Machinery & Equip.	(1,757,111)	(162,019)	(30,536)	30,536	(1,919,130)
Office Equip, Furniture & Fixtures	(770,250)	(34,061)	69,347	-	(734,964)
Buildings	(8,184,434)	(323,956)	66,106	-	(8,442,284)
Improvements	(79,341,423)	(991,922)	(3,980)	-	(80,337,325)
	<u>(94,524,795)</u>	<u>(1,779,072)</u>	<u>337,352</u>	<u>30,536</u>	<u>(95,935,979)</u>
Net Depreciable Capital Assets	<u>25,937,538</u>	<u>(630,986)</u>	<u>(182,147)</u>	<u>-</u>	<u>25,124,405</u>
Net Capital Assets	<u>\$ 31,377,640</u>	<u>\$ 650,182</u>	<u>\$ (156,074)</u>	<u>\$ -</u>	<u>\$ 31,871,748</u>

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**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

<b>Proprietary Funds</b>	Balance 10/1/2021	Additions/ Completions	Deletions & Reclassifications	Transfer fr Governmental	Balance 9/30/2022
<u>Non-Depreciable Capital Assets:</u>					
Construction					
in Progress	\$ 1,960,153	\$ 2,148,431	470,439	-	\$ 4,579,023
Land & Land Rights	7,689,865	-	-	-	7,689,865
	<u>9,650,018</u>	<u>2,148,431</u>	<u>470,439</u>	<u>-</u>	<u>12,268,888</u>
<u>Depreciable Capital Assets:</u>					
Motorized Vehicles	6,773,887	130,513	43,185	30,536	6,978,121
Machinery & Equip.	3,993,148	662,471	(341,273)	-	4,314,346
Office Equip, Furniture & Fixtures	355,135	-	8,550	-	363,685
Buildings	18,733,990	80,588	(8,549)	-	18,806,029
Improvements	28,262,449	138,939	2,002	-	28,403,390
Plant In Svc-Water	14,317,050	446,119	470,052	-	15,233,221
Plant In Svc-Sewer	6,079,357	-	363,416	-	6,442,773
	<u>78,515,016</u>	<u>1,458,630</u>	<u>537,383</u>	<u>30,536</u>	<u>80,541,565</u>
Less Accumulated Depreciation:					
Motorized Vehicles	(4,242,196)	(249,737)	121,203	(30,536)	(4,401,266)
Machinery & Equip.	(3,230,594)	(161,761)	20,044	-	(3,372,311)
Office Equip, Furniture & Fixtures	(246,674)	(12,173)	(461)	-	(259,308)
Buildings	(3,344,434)	(340,897)	1	-	(3,685,330)
Improvements	(10,760,395)	(671,871)	(87,480)	-	(11,519,746)
Plant In Svc-Water	(10,948,114)	(340,223)	44,094	-	(11,244,243)
Plant In Svc-Sewer	(5,050,044)	-	23,803	-	(5,026,241)
	<u>(37,822,451)</u>	<u>(1,776,662)</u>	<u>121,204</u>	<u>(30,536)</u>	<u>(39,508,445)</u>
Net Depreciable					
Capital Assets	40,692,565	(318,032)	658,587	-	41,033,120
Net Capital Assets	<u>\$ 50,342,583</u>	<u>\$ 1,830,399</u>	<u>\$ 1,129,026</u>	<u>\$ -</u>	<u>\$ 53,302,008</u>

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**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

	Balance 10/1/2021	Additions/ Completions	Disposals	Balance 9/30/2022
<b>Discretely Presented Component Unit:</b>				
<u>Non-Depreciable Capital Assets:</u>				
Land & Land Rights	\$ 1,404,032	\$ -	\$ -	\$ 1,404,032
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	<u>1,404,032</u>	<u>-</u>	<u>-</u>	<u>1,404,032</u>
<u>Depreciable Capital Assets:</u>				
Office Mach. & Equip.	1,545	45,987	-	47,532
Improvements	1,845,978	-	-	1,845,978
Buildings	1,975,114	-	-	1,975,114
	<u>3,822,637</u>	<u>45,987</u>	<u>-</u>	<u>3,868,624</u>
Less Accumulated Depreciation:				
Office Mach. & Equip.	(1,545)	(766)	-	(2,311)
Buildings	<u>(1,434,907)</u>	<u>(128,781)</u>	<u>-</u>	<u>(1,563,688)</u>
	<u>(1,436,452)</u>	<u>(129,547)</u>	<u>-</u>	<u>(1,565,999)</u>
Net Depreciable Capital Assets	<u>2,386,185</u>	<u>(83,560)</u>	<u>-</u>	<u>2,302,625</u>
Net Capital Assets	<u>\$ 3,790,217</u>	<u>\$ (83,560)</u>	<u>\$ -</u>	<u>\$ 3,706,657</u>

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**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Capital asset balances of individual proprietary funds as of September 30, 2022 were as follows:

	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	Nonmajor- Golf Fund	Totals
<b>Non-Depreciable Capital Assets:</b>						
Construction						
in Progress	\$ 735,029	\$ 100,000	\$ 3,743,994	\$ -	\$ -	\$ 4,579,023
Land & Land Rights	114,517	206,702	-	7,338,590	30,056	7,689,865
	<u>849,546</u>	<u>306,702</u>	<u>3,743,994</u>	<u>7,338,590</u>	<u>30,056</u>	<u>12,268,888</u>
<b>Depreciable Capital Assets:</b>						
Motorized Vehicles	2,291,056	199,145	3,185,877	1,101,904	200,139	6,978,121
Machinery & Equip.	2,237,457	183,072	1,822,801	34,121	36,895	4,314,346
Office Equip, Furn & Fixtures	210,202	94,164	34,244	25,075	-	363,685
Buildings	16,702,115	876,395	1,156,811	-	70,708	18,806,029
Improvements	9,757,755	6,324,615	52,747	11,796,907	471,366	28,403,390
Plant In Service-Water	15,233,221	-	-	-	-	15,233,221
Plant In Service-Sewer	6,442,773	-	-	-	-	6,442,773
	<u>52,874,579</u>	<u>7,677,391</u>	<u>6,252,480</u>	<u>12,958,007</u>	<u>779,108</u>	<u>80,541,565</u>
<b>Less Accumulated Depreciation:</b>						
Motorized Vehicles	(1,428,267)	(140,171)	(1,925,362)	(764,747)	(142,719)	(4,401,266)
Machinery & Equip.	(1,653,589)	(157,464)	(1,490,242)	(34,121)	(36,895)	(3,372,311)
Office Equip, Furn & Fixtures	(187,876)	(26,596)	(34,244)	(10,592)	-	(259,308)
Buildings	(1,939,669)	(654,812)	(1,020,141)	-	(70,708)	(3,685,330)
Improvements	(3,861,003)	(4,713,856)	(20,126)	(2,489,076)	(435,685)	(11,519,746)
Plant In Service-Water	(11,244,243)	-	-	-	-	(11,244,243)
Plant In Service-Sewer	(5,026,241)	-	-	-	-	(5,026,241)
	<u>(25,340,888)</u>	<u>(5,692,899)</u>	<u>(4,490,115)</u>	<u>(3,298,536)</u>	<u>(686,007)</u>	<u>(39,508,445)</u>
Net Depreciable Capital Assets	<u>27,533,691</u>	<u>1,984,492</u>	<u>1,762,365</u>	<u>9,659,471</u>	<u>93,101</u>	<u>41,033,120</u>
Net Capital Assets	\$ 28,383,237	\$ 2,291,194	\$ 5,506,359	\$ 16,998,061	\$ 123,157	\$ 53,302,008

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

Governmental Activities:	
General Government	\$ 198,010
Public Safety	590,323
Public Works	990,739
	\$ 1,779,072
Discretely Presented Component Unit:	
Gainesville Economic Development Corp	\$ 129,547
Proprietary Funds:	
Water & Sewer	\$ 881,748
Airport	216,307
Solid Waste	251,743
Stormwater	420,071
Golf Course	6,793
	\$ 1,776,662

**E. Accounts Payable**

Accounts payable as of September 30, 2022, for the City's major funds and nonmajor funds in the aggregate are as follows:

	Governmental Funds					Total
	General	Assigned	2022	Nonmajor	Total	
	Fund	Project	CO BOND	Funds		
Vendor Payables	\$ 358,287	\$ 22,364	\$ 38,720	\$ 370,812	\$ 790,183	
Court Costs Payable	-	-	-	79	79	
Other Payable	2,150	-	-	-	2,150	
Accrued Payroll & Benefit	232,332	-	-	-	232,332	
	\$ 592,769	\$ 22,364	\$ 38,720	\$ 370,891	\$ 1,024,744	

	Proprietary Funds					Total
	Water and	Municipal	Solid	Stormwater	Nonmajor-	
	Sewer	Airport	Waste	Utility	Golf Fund	
Vendor Payables	\$ 149,589	\$ 3,115	\$ 856,837	\$ 1,724	\$ 10,917	\$1,022,182
Accrued Comp. Absences	30,113	4,989	17,791	1,611	5,076	59,580
Accrued Payroll & Benefit	33,096	3,237	19,569	2,033	4,305	62,240
Deposits Payable	282,628	-	12,229	-	-	294,857
Interest Payable	58,125	64	6,525	14,836	35	79,585
Totals	\$ 553,551	\$ 11,405	\$ 912,951	\$ 20,204	\$ 20,333	\$1,518,444

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**F. Long-Term Debt**

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

As of September 30, 2022, the City had the following governmental activities long-term debt outstanding:

	Interest Rate	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding	Due Within One Year
Capital Lease						
PNC Equipment Finance	3.84%	2019	2023	634,383	136,615	136,615
Total Capital Leases					<u>136,615</u>	<u>136,615</u>
General Obligation Bonds:						
Series 2012	2.0-3.0%	2012	2024	2,422,557	213,876	102,823
Series 2014 Ref	3.5-4.0%	2014	2034	4,765,000	1,279,200	85,800
Series 2016 Ref	2.25-4.0%	2016	2036	9,215,000	2,309,940	235,177
Series 2017 Ref	4.0%	2018	2028	1,801,007	851,815	134,095
Series 2020 Ref	1.01%	2020	2030	2,975,000	1,082,250	130,500
Total General Obligation Bonds					<u>5,737,081</u>	<u>688,395</u>
Certificates of Obligation Bonds:						
Series 2012	2.0-3.5%	2012	2032	2,219,000	514,500	45,000
Series 2018	3.0-3.4%	2018	2038	3,989,860	3,458,058	170,068
Series 2022	2.0-5.0%	2022	2042	7,180,000	7,180,000	145,000
Total Certificates of Obligation Bonds					<u>11,152,558</u>	<u>360,068</u>
Total Long-Term Debt - Governmental Activities					<u>\$ 17,026,254</u>	<u>\$ 1,185,078</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 10/1/2021	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2022
Capital Leases:					
KS State Bank	\$ 39,000	\$ -	\$ -	(39,000)	\$ -
PNC Equipment Finance	268,176	-	-	\$ (131,561)	136,615
Total Capital Leases	<u>307,176</u>	<u>-</u>	<u>-</u>	<u>(170,561)</u>	<u>136,615</u>
General Obligation Bonds:					
Series 2012	316,701	-	-	(102,825)	213,876
Series 2014	1,361,100	-	-	(81,900)	1,279,200
Series 2016 Ref	2,890,600	-	-	(580,660)	2,309,940
Series 2017 Ref	985,910	-	-	(134,095)	851,815
Series 2020 Ref	1,210,500	-	-	(128,250)	1,082,250
Total GO Bonds	<u>6,764,811</u>	<u>-</u>	<u>-</u>	<u>(1,027,730)</u>	<u>5,737,081</u>
Certificates of Obligation Bonds:					
Series 2012	558,000	-	-	(43,500)	514,500
Series 2018	3,622,728	-	-	(164,670)	3,458,058
Series 2022	-	7,180,000	-	-	7,180,000
Total CO Bonds	<u>4,180,728</u>	<u>7,180,000</u>	<u>-</u>	<u>(208,170)</u>	<u>11,152,558</u>
Premium/Discount	684,971	512,621	-	(76,417)	1,121,175
Total Capital Leases and Bonds	<u>\$ 11,937,686</u>	<u>\$ 7,692,621</u>	<u>\$ -</u>	<u>\$ (1,482,878)</u>	<u>\$ 18,147,429</u>

The annual requirements to amortize debt outstanding as of September 30, 2022, including interest payments of \$4,429,197 follow:

**CITY OF GAINESVILLE, TEXAS**  
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**SEPTEMBER 30, 2022**

Fiscal Year Sep. 30,	General Obligation Bonds, Certificates of Obligation & Capital Leases		
	Principal	Interest	Total
2023	1,185,078	613,919	1,798,997
2024	1,201,512	464,023	1,665,535
2025	1,124,262	427,452	1,551,714
2026	1,157,381	397,181	1,554,562
2027	1,028,539	366,776	1,395,315
2028-2032	4,759,608	1,338,442	6,098,050
2033-2037	4,049,925	644,165	4,694,090
2038	2,519,949	177,239	2,697,188
	<u>\$ 17,026,254</u>	<u>\$ 4,429,197</u>	<u>\$ 21,455,451</u>

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**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

As of September 30, 2022, 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	257,250	22,500
Series 2013	4%-2.75%	2013	2033	5,730,000	3,645,000	285,000
Series 2015	4%-2.75%	2015	2035	9,215,000	6,960,000	435,000
General Obligation Bonds:						
Series 2014	3.5-4.0%	2014	2034	1,467,000	1,180,800	79,200
Series 2016 Ref	2.25-4.0%	2016	2036	433,257	1,174,366	82,700
Series 2017 Ref	4.0%	2018	2028	1,191,663	690,327	108,615
Series 2020 Ref	1.01%	2020	2030	773,500	625,300	75,400
					14,533,043	1,088,415
<u>Municipal Airport</u>						
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	72,009	14,124	3,347
<u>Solid Waste Utility</u>						
Certificates of Obligation Bonds:						
Series 2018	3.0-3.4%	2018	2038	3,400,140	2,946,941	144,932
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	607,079	119,076	28,220
					3,066,017	173,152
<u>Stormwater Utility</u>						
Certificates of Obligation Bonds:						
Series 2012	2.0-3.5%	2012	2032	1,468,500	943,250	82,500
General Obligation Bonds:						
Series 2012	2.0-3.0%	2012	2024	522,443	46,124	22,175
Series 2014	3.5-4.0%	2014	2034	1,018,750	820,000	55,000
Series 2016 Ref	2.25-4.0%	2016	2036	347,750	1,244,821	83,736
Series 2017 Ref	4.0%	2018	2028	905,320	522,858	82,290
Series 2020 Ref	1.01%	2020	2030	862,750	697,450	84,100
					4,274,503	409,801
<u>Municipal Golf Course</u>						
General Obligation Bonds:						
Series 2016 Ref	2.25-4.0%	2016	2036	39,102	7,670	1,818
Total Bonds - Proprietary Funds Activities					\$ 21,895,357	\$ 1,676,533

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

<u>Water and Sewer Utility</u>	Balance 10/1/2021	New Debt or Increases	Transfers/ Refunded	Payments or Decreases	Balance 9/30/2022
<b>Certificates of Obligation Bonds:</b>					
Series 2012	279,000	-	-	(21,750)	257,250
Series 2013	3,920,000	-	-	(275,000)	3,645,000
Series 2015	7,370,000	-	-	(410,000)	6,960,000
<b>General Obligation Bonds:</b>					
Series 2014	1,256,400	-	-	(75,600)	1,180,800
Series 2016	1,306,416	-	-	(132,050)	1,174,366
Series 2017	798,942	-	-	(108,615)	690,327
Series 2020	699,400	-	-	(74,100)	625,300
Discount/Premium	780,007	-	-	(60,434)	719,573
	<u>16,410,165</u>	<u>-</u>	<u>-</u>	<u>(1,157,549)</u>	<u>15,252,616</u>
<b><u>Municipal Airport</u></b>					
<b>General Obligation Bonds:</b>					
Series 2016	26,126	-	-	(12,002)	14,124
Discount/Premium	3,620	-	-	(252)	3,368
	<u>29,746</u>	<u>-</u>	<u>-</u>	<u>(12,254)</u>	<u>17,492</u>
<b><u>Solid Waste Utility</u></b>					
<b>Certificates of Obligation Bonds:</b>					
Series 2018	3,087,271	-	-	(140,330)	2,946,941
<b>General Obligation Bonds:</b>					
Series 2016	220,256	-	-	(101,180)	119,076
Discount/Premium	30,518	-	-	(2,121)	28,397
	<u>3,338,045</u>	<u>-</u>	<u>-</u>	<u>(243,631)</u>	<u>3,094,414</u>
<b><u>Stormwater Utility</u></b>					
<b>General Obligation Bonds:</b>					
Series 2012	68,299	-	-	(22,175)	46,124
Series 2014	872,500	-	-	(52,500)	820,000
Series 2016	1,367,416	-	-	(122,595)	1,244,821
Series 2017	605,148	-	-	(82,290)	522,858
Series 2020	780,100	-	-	(82,650)	697,450
<b>Certificates of Obligation Bonds:</b>					
Series 2012	1,023,000	-	-	(79,750)	943,250
Discount/Premium	100,798	-	-	(7,789)	93,009
	<u>4,817,261</u>	<u>-</u>	<u>-</u>	<u>(449,749)</u>	<u>4,367,512</u>
<b><u>Municipal Golf Course</u></b>					
<b>General Obligation Bonds:</b>					
Series 2016	14,187	-	-	(6,517)	7,670
Discount/Premium	1,966	-	-	(137)	1,829
	<u>16,153</u>	<u>-</u>	<u>-</u>	<u>(6,654)</u>	<u>9,499</u>
<b>Totals</b>	<u>\$ 24,611,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,869,837)</u>	<u>\$ 22,741,533</u>

**City of Gainesville, Texas**  
**Notes to Basic Financial Statements**  
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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
2023	742,500	337,427	1,079,927	345,915	95,853	441,768	1,088,415	433,280	1,521,695
2024	773,250	304,620	1,077,870	357,371	86,389	443,760	1,130,621	391,009	1,521,630
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	845,500	232,137	1,077,637	360,652	58,635	419,287	1,206,152	290,772	1,496,924
2028-2032	4,632,250	759,136	5,391,386	1,269,177	182,011	1,451,188	5,901,427	941,147	6,842,574
2033-2036	2,250,000	103,151	2,353,151	593,047	32,405	625,452	2,843,047	135,556	2,978,603
	<u>\$ 10,862,250</u>	<u>\$ 2,269,924</u>	<u>\$ 13,132,174</u>	<u>\$ 3,670,793</u>	<u>\$ 599,132</u>	<u>\$ 4,269,925</u>	<u>\$ 14,533,043</u>	<u>\$ 2,869,056</u>	<u>\$ 17,402,099</u>

**Municipal Airport Fund**

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
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>\$ 14,124</u>	<u>\$ 927</u>	<u>\$ 15,051</u>

**Solid Waste Utility**

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
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
2025	154,133	80,353	234,486	30,285	1,318	31,603	184,418	81,671	266,089
2026	158,735	75,658	234,393	31,662	356	32,018	190,397	76,014	266,411
2027	163,336	70,828	234,164	-	-	-	163,336	70,828	234,164
2028-2032	899,496	275,946	1,175,442	-	-	-	899,496	275,946	1,175,442
2033-2037	1,046,727	127,540	1,174,267	-	-	-	1,046,727	127,540	1,174,267
2038	230,050	3,911	233,961	-	-	-	230,050	3,911	233,961
	<u>\$ 2,946,941</u>	<u>808,466</u>	<u>3,755,407</u>	<u>119,076</u>	<u>7,821</u>	<u>126,897</u>	<u>3,066,017</u>	<u>816,287</u>	<u>3,882,304</u>

**City of Gainesville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

**Storwater Utility**

Fiscal Year Sep. 30,	Certificates of Obligation			General Obligation Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
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
2025	88,000	21,016	109,016	322,433	66,266	388,699	410,433	87,282	497,715
2026	90,750	18,781	109,531	332,641	58,415	391,056	423,391	77,196	500,587
2027	93,500	16,361	109,861	318,474	51,276	369,750	411,974	67,637	479,611
2028-2032	503,250	39,546	542,796	1,141,220	161,614	1,302,834	1,644,470	201,160	1,845,630
2031-2036	-	-	-	550,295	31,587	581,882	550,295	31,587	581,882
	<u>\$ 943,250</u>	<u>\$ 145,855</u>	<u>\$ 1,089,105</u>	<u>\$ 3,331,253</u>	<u>\$ 527,976</u>	<u>\$ 3,859,229</u>	<u>\$ 4,274,503</u>	<u>\$ 673,831</u>	<u>\$ 4,948,334</u>

**Golf Course Fund**

Fiscal Year Sep. 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	1,818	235	2,053
2024	1,862	161	2,023
2025	1,951	85	2,036
2026	2,039	23	2,062
	<u>\$ 7,670</u>	<u>\$ 504</u>	<u>8,174</u>

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

As of September 30, 2022, 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	660,920	305,581

The changes in GEDC debt are as follows:

	Balance 10/1/2021	Increase	Decrease	Balance 9/30/2022
Series 2014 Bond	\$ 923,640	(262,720)	(262,720)	\$ 660,920

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

Fiscal Year	Principal	Interest	Total
2023	305,581	79,727	385,308
2024	355,339	29,969	385,308
	\$ 660,920	\$ 109,696	\$ 770,616

**4. Defeased Debt**

As of September 30, 2022, the following defeased bonds remain outstanding:

	<u>Amount</u>
Series 2001 CO	1,170,000
Series 2002 GO	460,000
Series 2003 CO	290,000
Series 2007 GO	1,080,000
Series 2008 GO	2,110,000
Series 2010 CO	2,320,000

**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, to comply with State regulations, the postclosure liability has been increased to adjust for inflation. The balance of the liability at September 30, 2022 was \$750,407. The change in the postclosure care costs liability for the fiscal year ended September 30, 2022 was an increase of \$29,650.

**G. Compensated Absences**

The activity related to compensated absences is as follows:

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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	Compensated Absences 10/1/2021	Earned	Used	Compensated Absences 9/30/2022	Current Portion
Governmental Funds	\$ 426,827	\$ 971,453	\$ 550,705	\$ 847,575	\$ 423,788
Proprietary Funds:					
Water & Sewer	62,659	41,617	44,049	60,227	30,113
Airport Fund	8,483	4,728	3,233	9,978	4,989
Stormwater Utility	2,700	2,191	1,669	3,222	1,611
Solid Waste	29,781	40,122	34,321	35,582	17,791
Golf Course	9,215	7,192	6,255	10,152	5,076
Component Unit	7,151	4,772	4,899	7,024	3,512
	<u>\$ 546,816</u>	<u>\$ 1,072,075</u>	<u>\$ 645,131</u>	<u>\$ 973,760</u>	<u>\$ 486,880</u>

**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 an Unassigned Fund Balance of \$9,291,672 and Nonspendable Fund Balance of \$254 at September 30, 2022.

**Other Major Funds**

The Assigned Projects Fund has an Assigned Fund Balance of \$5,176,053 which consists of funds to be used for special projects and capital asset acquisition. The 2022 CO Bond fund has an Assigned Fund Balance of \$7,478,784 to be used for projects specified in the bond planning documents.

**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, Law Enforcement Education, State Seizure, 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, Impact Fees Service Area A, Impact Fees Service Area B, American Recovery Grant 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:

**CITY OF GAINESVILLE, TEXAS**  
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	<b>Government Wide</b>	<b>Solid Waste Fund</b>
Capital assets net of accumulated depreciation	\$ 31,871,748	\$ 5,506,359
Deferred Loss on Refunding	275,103	34,621
Less: Bonds & leases payable	(18,147,429)	(3,094,414)
Add back unspent bond funds	7,517,504	3,055,445
Net investment in capital assets	\$ 21,516,926	\$ 5,502,011

**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, 2022, 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 2022, the City was covered under a general liability insurance policy plan with a combined single limit of \$1 million at a cost considered 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 a 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

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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through 1986, and then annual installments of \$25,000 for the years 1987 through 2033. The lease was subsequently assigned to Stellar Investments, Inc., and Everest, Inc., the current leaseholder as of July 2001. Also, the 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, 2022, the City paid \$701,760 to GTUA in accordance with these contracts.

The audited financial statements of the year ended September 30, 2022, for GTUA, issued by the GTUA's independent auditors, reflected total assets for the City projects as \$5,731,677, liabilities of \$4,760,000, and total net position of \$971,677. Additionally, total revenues and expenses for the City's projects were \$708,574 and \$767,748, respectively. Revenues, as reported, included investment income of \$6,846.

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, 2022 was \$2,600,000.

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, 2022 was \$1,305,000.

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, 2022 was \$680,000.

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, 2022 was \$175,000.

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

**CITY OF GAINESVILLE, TEXAS**  
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Fiscal Years Ending September 30,	Principal	Interest	Amount
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	445,000	65,863	510,863
2028-2032	2,385,000	160,301	2,545,301
2033	70,000	652	70,652
	<u>\$ 4,760,000</u>	<u>\$ 2,367</u>	<u>\$ 5,344,510</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, 2022, 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, 2022, financial statements of GTUA. During the year ended September 30, 2022, the City paid \$290,180 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
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	268,920	26,424	295,344
2028-2030	813,240	39,776	853,016
	<u>\$ 2,093,040</u>	<u>\$ 227,922</u>	<u>\$ 2,320,962</u>

TASWA – The City entered 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 responsibility 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:

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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
Eikon Consulting Group	Civic Center-2022 CO	252,500	125,850	126,650
AUI Partners, LLC	Gainesville Transfer Station	2,189,922	1,174,803	1,015,119
Kimley Horn	GV MTS & Quick Connect	14,500	3,206	11,294
Kimley Horn	Mill & Overlay Project	50,000	6,171	43,829
Kimley Horn	I35 Utilities Relocation	1,231,200	382,090	849,110
Kimley Horn	2021 WWTP UV Disinfection Technology	148,000	99,000	49,000
Kimley Horn	Sump L	529,000	201,650	327,350
Kimley Horn	2021 WWTP Cloth Media Filter Technology	250,000	99,000	151,000
Kimley Horn	Utilities Replacement Project	48,800	48,633	167
Kimley Horn	WWTP Tertiary Treatment Evaluation	30,000	3,000	27,000
Kimley Horn	Elkins Lift Station	870,000	7,500	862,500
Prater Electric	GV MTS & Quick Connect	193,500	6,000	187,500
Sunmount Paving	Mill & Overlay Project	1,670,540	102,457	1,568,083
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:

Purpose	Commitment	Expended to Date	Balance of Commitment
Buisness Improvement Grants	28,568	-	28,568

**E. Leases**

In June 2017, GASB issued Statement No. 87-Leases. This statement increases the usefulness of government's financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflow of resources based on the payment provisions of the contract. The initial adoption date was postponed to fiscal years beginning after June 15, 2021 by GASB Statement No. 95-Postponement of the Effective Dates of Certain Authoritative Guidance, which was issued in May of 2020.

After reviewing the agreements identified by the City as potential leases, it was determined that the leases either did not meet the definition of a lease or were immaterial to the financial statements.

**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.

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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. After 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, 2022, was \$5,830,000. Financial statements and other information may be obtained by contacting TASWA's business office, P.O. Box 249, Whitesboro, Texas 76273.

**I. RETIREMENT PLAN**

**Texas Municipal Retirement System**

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**A. Plan Description**

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Title 8, Subtitle G (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive financial Report (Annual Report) that can be obtained at *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 based on the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a 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 what 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2021</u>
Inactive employees or beneficiaries currently receiving benefits	150
Inactive employees entitled to but not yet receiving benefits	141
Active employees	<u>216</u>
	<u>507</u>

**C. Contributions & Funding Policy**

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

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 11.71% and 11.85% in the calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$3,095,528.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 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, 2022**

***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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 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	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
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, 2022**

***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 12/31/2020	\$ 53,925,032	\$45,983,383	\$ 7,941,649	\$ 7,785,974	\$155,675
Changes for the year:					
Service Cost	1,452,055	-	1,452,055	1,423,617	28,438
Interest	3,614,936	-	3,614,936	3,543,984	70,952
Change in benefit terms including substantively automatic status	-	-	-	-	-
Difference between expected and actual expense	376,949	-	376,949	369,567	7,382
Changes of assumptions	-	-	-	-	-
Contributions-employer	-	2,994,006	(2,994,006)	(2,935,370)	(58,636)
Contributions-employees	-	766,991	(766,991)	(751,970)	(15,021)
Net investment income	-	5,993,005	(5,993,005)	(5,875,636)	(117,369)
Benefit payments, including refunds of employee contributions	(2,192,891)	(2,192,891)	-	-	-
Administrative expense	-	(27,737)	27,737	27,494	243
Other changes	-	190	(190)	(186)	(4)
Net change	<u>3,251,049</u>	<u>7,533,564</u>	<u>(4,282,515)</u>	<u>(4,198,501)</u>	<u>(84,014)</u>
Balance at 12/31/2021	<u>\$ 57,176,081</u>	<u>\$53,516,947</u>	<u>\$ 3,659,134</u>	<u>\$ 3,587,473</u>	<u>\$ 71,661</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>\$ 11,855,216</u>	<u>\$ 3,587,473</u>	<u>\$ 3,154,366</u>
Component unit pension liability	<u>\$ 236,815</u>	<u>\$ 71,661</u>	<u>\$ 63,010</u>

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***Pension Plan Fiduciary Net Position***

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

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

For the year ended September 30, 2022, the city recognized pension expense of \$251,106 and the component unit recognized expense of \$6,175.

At September 30, 2022, 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, 2022**

	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	\$ 323,257	\$ 5,379	\$ 6,451	\$ 775
Changes in actuarial assumptions	23,752	-	474	-
Difference between projected and actual investment earnings	-	2,997,739	-	59,880
Contributions subsequent to the measurement date	1,232,395	-	23,361	-
<b>Total</b>	<b>\$ 1,579,403</b>	<b>\$ 3,003,119</b>	<b>\$ 30,287</b>	<b>\$ 60,654</b>

\$1,232,395 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 2022 for the City. \$23,361 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 2022 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,		
2022	\$ (357,061)	\$ (7,133)
2023	(1,153,595)	(23,044)
2024	(579,602)	(11,578)
2025	(566,511)	(11,316)
2026	-	-
Thereafter	-	-

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

**A. Plan Description**

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan administered by Texas Municipal Retirement System (TMRS), which is known as the supplemental Death benefits Fund (DDBR). The City elected, by ordinance, to provide group term life insurance coverage to both active and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

**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 an unfunded OEPB plan with no asset accumulation.

**C. Contributions and Funding Policy**

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, 2022**

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rater and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Employees for the City were not required to contribute to the plan. The contribution rates for the City were .27% and .29% in calendar 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 was \$37,978 and were equal to the actuarially determined contribution (ADC) for each year.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	2021
Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	33
Active employees	216
	354

**D. Actuarial Methods and Actuarial Assumptions**

Inflation	2.50%
Salary increases	3.5% to 11.5% including inflation
Discount Rate *	1.84%
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 12/31/2021.

**E. Total OPEB Liability**

The City's total OPEB liability of \$920,732 was measured as of December 31, 2021 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, 2022:

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

	Total OPEB Liability	Total OPEB Liability City Portion	Total OPEB Liability Component Unit
Total OPEB liability - Balance at beginning of year	\$ 922,600	\$ 904,531	\$ 18,069
Changes for the year:			
Service Cost	38,313	37,563	750
Interest on total OPEB liability	18,605	18,241	364
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(62,325)	(61,104)	(1,221)
Changes of assumptions or other inputs	26,527	26,007	520
Benefit payments	(22,987)	(22,537)	(450)
Net change	(1,867)	(1,830)	(37)
Total OPEB liability - End of year	\$ 920,733	\$ 902,701	\$ 18,032

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$37,978.

At September 30, 2022, 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	\$ 370	\$ 75,484	\$ 7	1,508
Changes in assumptions and other inputs	145,779	11,859	2,912	237
Contributions subsequent to the measurement date	28,887	-	577	-
Total	\$ 175,036	\$ 87,343	\$ 3,496	\$ 1,745

Benefit payments subsequent to the measurement date and before fiscal year-end of \$28,887 for the City and \$577 for the Component Unit will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2023.

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,		
2022	\$ 22,884	\$ 457
2023	21,621	432
2024	17,319	346
2025	(2,743)	(55)
2026	(277)	(6)
Thereafter	-	-

The following represents the total OPEB liability of the City, calculated using the discount rate of 1.84%, 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 (0.84%) or 1-percentage-point higher (2.84%) than the current discount rate:

**CITY OF GAINESVILLE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

	1% Decrease in Discount Rate 1.75%	Current Discount Rate 2.75%	1% Increase in Discount Rate 6.75%
City's net OPEB liability	\$ 1,091,401	\$ 902,701	\$ 755,453
	1% Decrease in Discount Rate 2.31%	Current Discount Rate 3.31%	1% Increase in Discount Rate 4.31%
Component unit's net OPEB	\$ 21,801	\$ 18,032	\$ 15,091

**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 \$24,439.
- A 90% property tax abatement for real property improvement to stimulate economic development. The tax abatement amounted to \$179,295.

**K. Subsequent Events**

The City's management has evaluated subsequent events through February 22, 2023, 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, 2022**

	<b>BUDGET</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>(NEGATIVE)</b>
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 6,663,220	\$ 6,717,000	\$ 6,848,103	\$ 131,103
Sales Taxes	5,173,183	5,702,000	6,680,051	978,051
Franchise Fees	1,222,477	1,124,000	1,290,972	166,972
Mixed Beverage Tax	37,500	35,000	37,070	2,070
Service Charges	1,141,350	1,059,350	1,206,025	146,675
License & Permits	394,000	398,000	472,763	74,763
Fines & Forfeitures	459,300	261,250	395,334	134,084
Investment Income	10,000	10,000	80,622	70,622
Intergovernmental Revenues	-	-	22,425	22,425
Other Income	99,700	267,328	563,607	296,279
<b>TOTAL REVENUES</b>	<b>15,200,730</b>	<b>15,573,928</b>	<b>17,596,972</b>	<b>2,023,044</b>
<b>EXPENDITURES:</b>				
Current				
General Government				
Administration	619,422	619,422	596,728	22,694
Human Resources	244,995	252,947	236,857	16,090
Information Technology	256,254	272,533	261,765	10,768
Building Operations	95,020	99,020	85,117	13,903
Public Assistance Programs	144,450	119,450	134,138	(14,688)
Municipal Court	306,134	293,421	269,981	23,440
Civic Center Operations	253,122	253,568	239,881	13,687
Total General Government	1,919,397	1,910,361	1,824,467	85,894
Community Development	-			
Planning and Zoning	334,641	330,187	271,937	58,250
Code Compliance	278,561	251,438	200,692	50,746
Total Community Development	613,202	581,625	472,629	108,996
Finance	623,954	612,668	584,037	28,631
Public Safety				
Police	6,180,476	6,032,254	5,759,404	272,850
Emergency Management	46,147	44,442	43,224	1,218
Fire	4,733,842	4,762,452	4,754,694	7,758
Total Public Safety	10,960,465	10,839,148	10,557,322	281,826
Public Works				
Administration	103,893	101,984	101,106	878
Street Maintenance	899,892	877,238	814,940	62,298
Central Garage	294,965	290,335	299,362	(9,027)
Parks and Recreation Operations	1,019,280	1,022,123	884,399	137,724
Zoo Operations	1,381,674	1,365,912	1,333,859	32,053
Cemetery Operations	317,111	314,518	296,115	18,403
Total Public Works	4,016,815	3,972,110	3,729,781	242,329

**CITY OF GAINESVILLE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
(Continued)

	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
Additional Payments on Pension Liability	-	500,000	500,000	-
Debt Service				
Principal	170,562	170,562	170,562	-
Interest	10,298	10,298	10,298	-
Capital Outlay	566,904	540,523	271,413	269,110
<b>TOTAL EXPENDITURES</b>	<u>18,881,597</u>	<u>19,137,295</u>	<u>18,120,509</u>	<u>1,016,786</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,680,867)</u>	<u>(3,563,367)</u>	<u>(523,537)</u>	<u>3,039,830</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Funds Transferred In	3,914,297	3,884,297	2,978,649	(905,648)
Funds Transferred Out	(180,000)	(216,000)	(2,350,182)	(2,134,182)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,734,297</u>	<u>3,668,297</u>	<u>628,467</u>	<u>(3,039,830)</u>
<b>NET CHANGE IN FUND BALANCES</b>	53,430	104,930	104,930	-
<b>FUND BALANCE - October 1</b>	9,186,996	9,186,996	9,186,996	-
<b>FUND BALANCE - September 30</b>	<u>\$ 9,240,426</u>	<u>\$ 9,291,926</u>	<u>\$ 9,291,926</u>	<u>\$ -</u>

**CITY OF GAINESVILLE, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Measurement Year 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	\$ 1,452,055	\$ 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)	3,614,936	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	376,949	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	(2,192,891)	(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>	3,251,049	2,585,336	2,731,826	5,198,010	1,517,335	1,817,939	1,439,818	1,143,401
<b>Total Pension Liability - Beginning</b>	53,925,032	51,339,696	48,607,870	43,409,860	41,892,525	40,074,586	38,634,768	37,491,367
<b>Total Pension Liability - Ending</b>	<u>\$ 57,176,081</u>	<u>\$ 53,925,032</u>	<u>\$ 51,339,696</u>	<u>\$ 48,607,870</u>	<u>\$ 43,409,860</u>	<u>\$ 41,892,525</u>	<u>\$ 40,074,586</u>	<u>\$ 38,634,768</u>
<b>Plan Fiduciary Net Pension</b>								
Contributions - employer	\$ 2,994,006	\$ 1,491,158	\$ 1,683,674	\$ 1,090,028	\$ 1,041,967	\$ 991,986	\$ 1,006,406	\$ 1,106,406
Contributions - employee	766,991	735,164	725,499	568,908	543,257	532,753	518,232	524,860
Net investment income	5,993,005	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	(2,192,891)	(2,301,534)	(2,177,988)	(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)	(2,066,593)
Administrative expense	(27,737)	(21,037)	(32,257)	(22,409)	(24,603)	(24,783)	(29,628)	(18,881)
Other	190	(821)	(969)	(1,170)	(1,247)	(1,335)	(1,463)	(1,552)
<b>Net Change in Plan Fiduciary Net Position</b>	7,533,564	3,152,771	5,904,162	(1,782,130)	4,455,551	1,782,584	(494,372)	1,352,575
<b>Plan Fiduciary Net Position - Beginning</b>	45,983,383	42,830,612	36,926,450	38,708,580	34,253,029	32,470,445	32,964,817	31,612,242
<b>Plan Fiduciary Net Position - Ending</b>	<u>\$ 53,516,947</u>	<u>\$ 45,983,383</u>	<u>\$ 42,830,612</u>	<u>\$ 36,926,450</u>	<u>\$ 38,708,580</u>	<u>\$ 34,253,029</u>	<u>\$ 32,470,445</u>	<u>\$ 32,964,817</u>
<b>Net Pension Liability - Ending</b>	<u>\$ 3,659,134</u>	<u>\$ 7,941,649</u>	<u>\$ 8,509,084</u>	<u>\$ 11,681,420</u>	<u>\$ 4,701,280</u>	<u>\$ 7,639,496</u>	<u>\$ 7,604,141</u>	<u>\$ 5,669,951</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	93.60%	85.27%	83.43%	75.97%	89.17%	81.76%	81.03%	85.32%
<b>Covered Payroll</b>	\$ 12,770,933	\$ 12,252,735	\$ 12,091,656	\$ 11,378,167	\$ 10,865,140	\$ 10,655,057	\$ 10,364,634	\$ 10,295,465
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	28.65%	64.82%	70.37%	102.67%	43.27%	71.70%	73.37%	55.07%

**CITY OF GAINESVILLE, TEXAS  
SCHEDULE OF CONTRIBUTIONS-TMRS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Fiscal Year 2022</u>	<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	1,645,528	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>(4,005,586)</u>	<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>\$ (2,360,058)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (223,002)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,313,333	\$ 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%	12.36%	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, 2022**

**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, 2022**

	Measurement Year <u>December 31, 2021</u>	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	\$ 38,313	\$ 29,407	\$ 20,556	\$ 23,894	\$ 19,557
Interest (on the total pension liability)	18,605	21,681	24,977	22,453	22,391
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(62,325)	(11,166)	(45,537)	1,357	-
Change of assumptions	26,527	113,266	119,281	(43,517)	49,108
Benefit payments, including refunds of employee contributions	(22,988)	(8,577)	(8,464)	(6,827)	(7,606)
<b>Net Change in Total OPEB Liability</b>	<u>(1,868)</u>	<u>144,611</u>	<u>110,813</u>	<u>(2,640)</u>	<u>83,450</u>
<b>Total OPEB Liability - Beginning</b>	922,600	777,989	667,176	669,816	586,366
<b>Total OPEB Liability - Ending</b>	<u>\$ 920,732</u>	<u>\$ 922,600</u>	<u>\$ 777,989</u>	<u>\$ 667,176</u>	<u>\$ 669,816</u>
<b>Covered Payroll</b>	12,770,933	12,252,735	12,091,656	11,378,167	10,865,140
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	7.21%	7.53%	6.43%	5.86%	6.16%

**CITY OF GAINESVILLE, TEXAS  
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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	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.
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, 2022**

	<b>SPECIAL</b>			
	<b>MUNICIPAL COURT TECHNOLOGY</b>	<b>MUNICIPAL COURT SECURITY</b>	<b>HOTEL/ MOTEL</b>	<b>LAW ENFORCEMENT EDUCATION</b>
<b>ASSETS:</b>				
Cash	\$ 4,253	\$ 44,657	\$ 1,241,836	\$ 419
Investments	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-
Taxes	-	-	-	-
Other	-	-	90,485	-
Inventory	-	-	-	-
Interfund Receivables	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,253</b>	<b>\$ 44,657</b>	<b>\$ 1,332,321</b>	<b>\$ 419</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 55	\$ -	\$ 44,952	\$ 351
Interfund Payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>55</b>	<b>-</b>	<b>44,952</b>	<b>351</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	-	-	1,287,369	-
Other	4,198	44,657	-	68
<b>Assigned:</b>				
Construction	-	-	-	-
Other	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUND BALANCES</b>	<b>4,198</b>	<b>44,657</b>	<b>1,287,369</b>	<b>68</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 4,253</b>	<b>\$ 44,657</b>	<b>\$ 1,332,321</b>	<b>\$ 419</b>

	<b>REVENUE FUNDS</b>					
	<b>IMPACT FEES SERVICE AREA A</b>	<b>MUN COURT JUVENILE CASE MANAGER</b>	<b>HOSPITAL DEMOLITON</b>	<b>CITY ATHLETIC FIELDS</b>	<b>STATE SEIZURE</b>	<b>CABLE PEG FEE FUND</b>
<b>ASSETS:</b>						
Cash	\$ 2,894	\$ 22,513	\$ 784	\$ 30,128	\$ 59,253	\$ 192,022
Investments	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Other	-	-	-	-	-	4,455
Inventory	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,894</b>	<b>\$ 22,513</b>	<b>\$ 784</b>	<b>\$ 30,128</b>	<b>\$ 59,253</b>	<b>\$ 196,477</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts Payable	\$ -	\$ 79	\$ -	\$ -	\$ -	\$ 7,250
Interfund Payable	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,250</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	-	-	-	-	-	-
Other	-	22,434	-	-	59,253	189,227
<b>Assigned:</b>						
Construction	-	-	784	-	-	-
Other	2,894	-	-	30,128	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUND BALANCES</b>	<b>2,894</b>	<b>22,434</b>	<b>784</b>	<b>30,128</b>	<b>59,253</b>	<b>189,227</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 2,894</b>	<b>\$ 22,513</b>	<b>\$ 784</b>	<b>\$ 30,128</b>	<b>\$ 59,253</b>	<b>\$ 196,477</b>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	<u>SPECIAL REVENUE FUNDS</u>				<u>CAPITAL PROJECTS FUNDS</u>		<u>DEBT SERVICE</u>	<u>PERMANENT FUNDS</u>		<u>TOTAL</u>
	<u>CORONAVIRUS FUND</u>	<u>FEMA FUND</u>	<u>AMERICAN RECOVERY GRANT</u>	<u>IMPACT FEES SERVICE AREA B</u>	<u>CAPITAL PROJECTS FUND</u>	<u>2018 CO BONDS</u>	<u>DEBT SERVICE FUND</u>	<u>CEMETERY PERMANENT</u>	<u>COHEN SCHOLARSHIP</u>	
<b>ASSETS:</b>										
Cash	\$ 869,080	\$ -	\$ 3,513,044	\$ 47,966	\$ 3,280,827	\$ -	\$ 1,904,108	\$ 1,716,048	\$ 11,400	\$ 12,941,232
Investments	-	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles)	-	-	-	-	-	-	51,462	-	-	51,462
Taxes	-	-	-	-	59,772	-	-	-	-	154,712
Other	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 869,080</u>	<u>\$ -</u>	<u>\$ 3,513,044</u>	<u>\$ 47,966</u>	<u>\$ 3,340,599</u>	<u>\$ -</u>	<u>\$ 1,955,570</u>	<u>\$ 1,716,048</u>	<u>\$ 11,400</u>	<u>\$ 13,147,406</u>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES:</b>										
Accounts Payable	\$ -	\$ -	\$ 21,456	\$ -	\$ 296,748	\$ -	\$ -	\$ -	\$ -	\$ 370,891
Interfund Payable	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>21,456</u>	<u>-</u>	<u>296,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,891</u>
<b>DEREFERRED INFLOWS OF RESOURCES:</b>										
Unavailable Revenues	-	-	-	-	-	-	51,462	-	-	51,462
<b>FUND BALANCES:</b>										
<b>Nonspendable:</b>										
Cemetery	-	-	-	-	-	-	-	1,716,048	-	1,716,048
<b>Restricted:</b>										
Debt Service	-	-	-	-	-	-	1,904,108	-	-	1,904,108
Construction	-	-	-	-	-	-	-	-	-	1,287,369
Tourism and the Arts	-	-	-	-	-	-	-	-	11,400	331,237
Other	-	-	-	-	-	-	-	-	-	-
<b>Assigned:</b>										
Construction	-	-	-	-	-	-	-	-	-	784
Other	869,080	-	3,491,588	47,966	3,043,851	-	-	-	-	7,485,507
<b>Unassigned</b>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>869,080</u>	<u>-</u>	<u>3,491,588</u>	<u>47,966</u>	<u>3,043,851</u>	<u>-</u>	<u>1,904,108</u>	<u>1,716,048</u>	<u>11,400</u>	<u>12,725,053</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 869,080</u>	<u>\$ -</u>	<u>\$ 3,513,044</u>	<u>\$ 47,966</u>	<u>\$ 3,340,599</u>	<u>\$ -</u>	<u>\$ 1,955,570</u>	<u>\$ 1,716,048</u>	<u>\$ 11,400</u>	<u>\$ 13,147,406</u>

**CITY OF GAINESVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	SPECIAL				REVENUE FUNDS					
	MUNICIPAL COURT TECH.	MUNICIPAL COURT SECURITY	HOTEL/MOTEL	LAW ENFORCEMENT EDUCATION	IMPACT FEES SERVICE AREA A	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	-	-	1,050,258	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	-	8,472	-	-
License & Permits	-	-	-	-	-	-	-	-	-	14,318
Fines & Forfeitures	10,154	12,147	-	-	-	12,893	-	-	-	-
Investment Income	23	310	8,360	8	19	218	1,134	252	466	1,758
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	2,696	2,875	-	-	-	2,994	-
<b>TOTAL REVENUES</b>	<u>10,177</u>	<u>12,457</u>	<u>1,058,618</u>	<u>2,704</u>	<u>2,894</u>	<u>13,111</u>	<u>1,134</u>	<u>8,724</u>	<u>3,460</u>	<u>16,076</u>
<b>EXPENDITURES</b>										
Current:										
General Government	-	-	196,817	-	-	-	1,975	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	10,580	347	-	2,681	-	-	-	-	10,667	-
Public Works	-	-	-	-	-	-	345,558	515	-	-
Additional Payments on Pension Liability	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	34,677
<b>TOTAL EXPENDITURES</b>	<u>10,580</u>	<u>347</u>	<u>196,817</u>	<u>2,681</u>	<u>-</u>	<u>-</u>	<u>347,533</u>	<u>515</u>	<u>10,667</u>	<u>34,677</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(403)</u>	<u>12,110</u>	<u>861,801</u>	<u>23</u>	<u>2,894</u>	<u>13,111</u>	<u>(346,399)</u>	<u>8,209</u>	<u>(7,207)</u>	<u>(18,601)</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Issuance of Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-	-	-	-	-	-
Funds Transferred In	150	-	-	-	-	-	-	-	55	-
Funds Transferred Out	(55)	-	(440,022)	-	-	(13,000)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>95</u>	<u>-</u>	<u>(440,022)</u>	<u>-</u>	<u>-</u>	<u>(13,000)</u>	<u>-</u>	<u>-</u>	<u>55</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(308)</u>	<u>12,110</u>	<u>421,779</u>	<u>23</u>	<u>2,894</u>	<u>111</u>	<u>(346,399)</u>	<u>8,209</u>	<u>(7,152)</u>	<u>(18,601)</u>
<b>FUND BALANCE - October 1</b>	<u>4,506</u>	<u>32,547</u>	<u>865,590</u>	<u>45</u>	<u>-</u>	<u>22,323</u>	<u>347,183</u>	<u>21,919</u>	<u>66,405</u>	<u>207,828</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 4,198</u>	<u>\$ 44,657</u>	<u>\$ 1,287,369</u>	<u>\$ 68</u>	<u>\$ 2,894</u>	<u>\$ 22,434</u>	<u>\$ 784</u>	<u>\$ 30,128</u>	<u>\$ 59,253</u>	<u>\$ 189,227</u>

**CITY OF GAINESVILLE, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	SPECIAL REVENUE FUND				CONSTRUCTION PROJECTS CAPITAL PROJECTS FUND	2018 CO BONDS	DEBT SERVICE DEBT SERVICE FUND	PERMANENT FUNDS		TOTAL
	CORONAVIRUS FUND	FEMA FUND	AMERICAN RECOVERY GRANT	IMPACT FEES SERVICE AREA B				CEMETERY PERMANENT	COHEN SCHOLARSHIP	
<b>REVENUES</b>										
Taxes:										
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,194,064	\$ -	\$ -	2,194,06
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Occupancy Tax	-	-	-	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	-	-	-	1,050,25
License & Permits	-	-	-	-	-	-	-	-	-	8,47
Fines & Forfeitures	-	-	-	-	-	-	-	-	-	14,31
Investment Income	5,573	109	11,685	274	-	-	-	-	-	35,19
Intergovernmental Revenues	-	6,817	2,100,326	-	6,780	1,475	14,489	11,664	73	64,67
Other Income	-	-	-	47,692	-	-	-	-	-	2,107,14
<b>TOTAL REVENUES</b>	<u>5,573</u>	<u>6,926</u>	<u>2,112,011</u>	<u>47,966</u>	<u>195,419</u>	<u>-</u>	<u>24,592</u>	<u>50,764</u>	<u>-</u>	<u>327,03</u>
					<u>202,199</u>	<u>1,475</u>	<u>2,233,145</u>	<u>62,428</u>	<u>73</u>	<u>5,801,15</u>
<b>EXPENDITURES</b>										
Current:										
General Government	-	-	-	-	14,785	-	132,718	-	-	346,29
Community Development	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	24,27
Additional Payments on Pension Liability	-	-	-	-	-	-	-	-	-	346,07
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	1,235,899	-	-	1,235,89
Bond Issuance Costs	-	-	-	-	-	-	297,479	-	-	297,47
Capital Outlay	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,590</u>	<u>270,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>689,58</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,573</u>	<u>6,926</u>	<u>2,112,011</u>	<u>47,966</u>	<u>(197,176)</u>	<u>(268,844)</u>	<u>567,049</u>	<u>62,428</u>	<u>73</u>	<u>2,861,54</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Issuance of Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-	-	-	-	-	-
Funds Transferred In	-	-	-	-	2,372,715	-	151,465	-	-	2,524,38
Funds Transferred Out	-	(24,323)	(712,529)	-	(24,750)	(1,280,774)	(731,915)	(32,000)	-	(3,259,36
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(24,323)</u>	<u>(712,529)</u>	<u>-</u>	<u>2,347,965</u>	<u>(1,280,774)</u>	<u>(580,450)</u>	<u>(32,000)</u>	<u>-</u>	<u>(734,98</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>5,573</u>	<u>(17,397)</u>	<u>1,399,482</u>	<u>47,966</u>	<u>2,150,789</u>	<u>(1,549,618)</u>	<u>(13,401)</u>	<u>30,428</u>	<u>73</u>	<u>2,126,56</u>
<b>FUND BALANCE - October 1</b>	<u>863,507</u>	<u>17,397</u>	<u>2,092,106</u>	<u>-</u>	<u>893,062</u>	<u>1,549,618</u>	<u>1,917,509</u>	<u>1,685,620</u>	<u>11,327</u>	<u>10,598,49</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 869,080</u>	<u>\$ -</u>	<u>\$ 3,491,588</u>	<u>\$ 47,966</u>	<u>\$ 3,043,851</u>	<u>\$ -</u>	<u>\$ 1,904,108</u>	<u>\$ 1,716,048</u>	<u>\$ 11,400</u>	<u>\$ 12,725,05</u>



**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, 2022**

	<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	2,400	2,400	35,090	32,690
Other Income	-	537,992	541,642	3,650
<b>TOTAL REVENUES</b>	<u>2,400</u>	<u>540,392</u>	<u>576,732</u>	<u>36,340</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	85,209	69,343	15,866
Capital Outlay	3,399,000	4,224,801	1,265,428	2,959,373
Additional Payments on Pension Liability	1,037,000	1,037,000	1,037,000	
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total EXPENDITURES</b>	<u>4,436,000</u>	<u>5,347,010</u>	<u>2,371,771</u>	<u>2,975,239</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,433,600)</u>	<u>(4,806,618)</u>	<u>(1,795,039)</u>	<u>3,011,579</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	41,000	41,000	2,034,517	1,993,517
Funds Transferred Out	(11,847)	(11,847)	(2,811,058)	(2,799,211)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>29,153</u>	<u>29,153</u>	<u>(776,541)</u>	<u>(805,694)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(4,404,447)</u>	<u>(4,777,465)</u>	<u>(2,571,580)</u>	<u>2,205,885</u>
<b>FUND BALANCE - October 1</b>	<u>7,747,633</u>	<u>7,747,633</u>	<u>7,747,633</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 3,343,186</u>	<u>\$ 2,970,168</u>	<u>\$ 5,176,053</u>	<u>\$ 2,205,885</u>



**Budgetary Comparison Schedules**  
Non-Major Governmental Funds

**CITY OF GAINESVILLE, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<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	\$ 2,171,110	\$ 2,171,110	\$ 2,194,064	\$ 22,954
Investment Income	1,500	1,500	14,489	12,989
Other Income	18,000	18,000	24,592	6,592
<b>TOTAL REVENUES</b>	<u>2,190,610</u>	<u>2,190,610</u>	<u>2,233,145</u>	<u>42,535</u>
<b>EXPENDITURES</b>				
Current:				
General Government	132,163	132,163	132,718	(555)
Debt Service				
Principal Retirement	1,235,899	1,235,899	1,235,899	-
Interest and Fiscal Charges	297,481	297,481	297,479	2
Debt Issuance Costs	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,665,543</u>	<u>1,665,543</u>	<u>1,666,096</u>	<u>(553)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>525,067</u>	<u>525,067</u>	<u>567,049</u>	<u>41,982</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	-	-	-	-
Payment to Refunding Escrow Agent	-	-	-	-
Funds Transferred In	151,465	151,465	151,465	-
Funds Transferred Out	(731,855)	(731,855)	(731,915)	(60)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(580,390)</u>	<u>(580,390)</u>	<u>(580,450)</u>	<u>(60)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(55,323)</u>	<u>(55,323)</u>	<u>(13,401)</u>	<u>41,922</u>
<b>FUND BALANCE - October 1</b>	<u>1,917,509</u>	<u>1,917,509</u>	<u>1,917,509</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 1,862,186</u>	<u>\$ 1,862,186</u>	<u>\$ 1,904,108</u>	<u>\$ 41,922</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, 2022**

	<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	\$ 9,000	\$ 8,000	\$ 10,154	\$ 2,154
Investment Income	13	6	23	17
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>9,013</u>	<u>8,006</u>	<u>10,177</u>	<u>2,171</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	<u>10,820</u>	<u>10,480</u>	<u>10,580</u>	<u>(100)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,807)</u>	<u>(2,474)</u>	<u>(403)</u>	<u>2,071</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	150	150
Funds Transferred Out	-	-	(55)	(55)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,807)</u>	<u>(2,474)</u>	<u>(308)</u>	<u>2,166</u>
<b>FUND BALANCE - October 1</b>	<u>4,506</u>	<u>4,506</u>	<u>4,506</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 2,699</u>	<u>\$ 2,032</u>	<u>\$ 4,198</u>	<u>\$ 2,166</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, 2022**

	<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	\$ 9,000	\$ 12,147	\$ 3,147
Investment Income	70	85	310	225
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>10,070</u>	<u>9,085</u>	<u>12,457</u>	<u>3,372</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	2,500	2,500	347	2,153
Capital Outlay	500	500	-	500
<b>TOTAL EXPENDITURES</b>	<u>3,000</u>	<u>3,000</u>	<u>347</u>	<u>2,653</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,070</u>	<u>6,085</u>	<u>12,110</u>	<u>6,025</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>7,070</u>	<u>6,085</u>	<u>12,110</u>	<u>6,025</u>
<b>FUND BALANCE - October 1</b>	<u>32,547</u>	<u>32,547</u>	<u>32,547</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 39,617</u>	<u>\$ 38,632</u>	<u>\$ 44,657</u>	<u>\$ 6,025</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, 2022**

	<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	\$ 650,000	\$ 650,000	\$ 1,050,258	\$ 400,258
Investment Income	800	2,000	8,360	6,360
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>650,800</u>	<u>652,000</u>	<u>1,058,618</u>	<u>406,618</u>
<b>EXPENDITURES</b>				
Current:				
General Government	202,800	202,800	196,817	5,983
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>202,800</u>	<u>202,800</u>	<u>196,817</u>	<u>5,983</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>448,000</u>	<u>449,200</u>	<u>861,801</u>	<u>412,601</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	(439,872)	(439,872)	(440,022)	(150)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(439,872)</u>	<u>(439,872)</u>	<u>(440,022)</u>	<u>(150)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	8,128	9,328	421,779	412,451
<b>FUND BALANCE - October 1</b>	<u>865,590</u>	<u>865,590</u>	<u>865,590</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 873,718</u>	<u>\$ 874,918</u>	<u>\$ 1,287,369</u>	<u>\$ 412,451</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, 2022**

	<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	2	4	8	4
Other Income	3,000	2,696	2,696	-
<b>TOTAL REVENUES</b>	<u>3,002</u>	<u>2,700</u>	<u>2,704</u>	<u>4</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	3,000	2,696	2,681	15
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>3,000</u>	<u>2,696</u>	<u>2,681</u>	<u>15</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2</u>	<u>4</u>	<u>23</u>	<u>19</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>2</u>	<u>4</u>	<u>23</u>	<u>19</u>
<b>FUND BALANCE - October 1</b>	<u>45</u>	<u>45</u>	<u>45</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 47</u>	<u>\$ 49</u>	<u>\$ 68</u>	<u>\$ 19</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, 2022**

	<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	\$ 9,230	\$ 9,230	\$ 12,893	\$ 3,663
Investment Income	68	68	218	150
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>9,298</u>	<u>9,298</u>	<u>13,111</u>	<u>3,813</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	1,200	1,000	-	1,000
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,200</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>8,098</u>	<u>8,298</u>	<u>13,111</u>	<u>4,813</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>	(4,902)	(4,702)	111	4,813
<b>FUND BALANCE - October 1</b>	<u>22,323</u>	<u>22,323</u>	<u>22,323</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 17,421</u>	<u>\$ 17,621</u>	<u>\$ 22,434</u>	<u>\$ 4,813</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, 2022**

	<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	\$ 9,000	\$ 8,472	\$ (528)
Investment income	140	90	252	162
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>15,140</u>	<u>9,090</u>	<u>8,724</u>	<u>(366)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	15,000	15,000	515	14,485
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>15,000</u>	<u>15,000</u>	<u>515</u>	<u>14,485</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>140</u>	<u>(5,910)</u>	<u>8,209</u>	<u>14,119</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>140</u>	<u>(5,910)</u>	<u>8,209</u>	<u>14,119</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>21,919</u>	<u>21,919</u>	<u>21,919</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 22,059</u>	<u>\$ 16,009</u>	<u>\$ 30,128</u>	<u>\$ 14,119</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, 2022**

	<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	\$ 1,200	\$ 8,000	\$ 14,318	\$ 6,318
Investment Income	400	400	1,758	1,358
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,600</u>	<u>8,400</u>	<u>16,076</u>	<u>7,676</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	22,000	-	22,000
Capital Outlay	-	-	34,677	(34,677)
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>22,000</u>	<u>34,677</u>	<u>(12,677)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,600</u>	<u>(13,600)</u>	<u>(18,601)</u>	<u>(5,001)</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>1,600</u>	<u>(13,600)</u>	<u>(18,601)</u>	<u>(5,001)</u>
<b>FUND BALANCE - October 1</b>	<u>207,828</u>	<u>207,828</u>	<u>207,828</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 209,428</u>	<u>\$ 194,228</u>	<u>\$ 189,227</u>	<u>\$ (5,001)</u>

**CITY OF GAINESVILLE, TEXAS**  
**AMERICAN RECOVERY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<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	\$ -	\$ -	\$ 2,100,326	\$ 2,100,326
Investment Income	-	-	11,685	11,685
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>2,112,011</u>	<u>2,112,011</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>2,112,011</u>	<u>2,112,011</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	-	-
Funds Transferred (Out)	-	1,854,057	(712,529)	(2,566,586)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>1,854,057</u>	<u>(712,529)</u>	<u>(2,566,586)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	1,854,057	1,399,482	(454,575)
<b>FUND BALANCE - October 1</b>	<u>2,092,106</u>	<u>2,092,106</u>	<u>2,092,106</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 2,092,106</u>	<u>\$ 3,946,163</u>	<u>\$ 3,491,588</u>	<u>\$ (454,575)</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, 2022**

	<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	90	120	466	346
Other income	-	40,119	2,994	(37,125)
<b>TOTAL REVENUES</b>	<u>90</u>	<u>40,239</u>	<u>3,460</u>	<u>(36,779)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	13,600	24,133	10,667	13,466
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>13,600</u>	<u>24,133</u>	<u>10,667</u>	<u>13,466</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,510)</u>	<u>16,106</u>	<u>(7,207)</u>	<u>(23,313)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Funds Transferred In	-	-	55	55
Funds Transferred (Out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>55</u>	<u>55</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(13,510)</u>	<u>16,106</u>	<u>(7,152)</u>	<u>(23,258)</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>66,405</u>	<u>66,405</u>	<u>66,405</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 52,895</u>	<u>\$ 82,511</u>	<u>\$ 59,253</u>	<u>\$ (23,258)</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, 2022**

	<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	350	350	1,134	784
Other Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>350</u>	<u>350</u>	<u>1,134</u>	<u>784</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,975	1,975	1,975	-
Additional Payments on Pension Liabilit	345,558	345,558	345,558	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>347,533</u>	<u>347,533</u>	<u>347,533</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,625)</u>	<u>(347,183)</u>	<u>(346,399)</u>	<u>784</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>(1,625)</u>	<u>(347,183)</u>	<u>(346,399)</u>	<u>784</u>
<b>FUND BALANCE - October 1</b>	<u>347,183</u>	<u>347,183</u>	<u>347,183</u>	<u>-</u>
<b>FUND BALANCE - September 30</b>	<u>\$ 345,558</u>	<u>\$ -</u>	<u>\$ 784</u>	<u>\$ 784</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, 2022**

	<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	1,200	1,200	11,664	10,464
Other income	35,000	35,000	50,764	15,764
<b>TOTAL REVENUES</b>	<u>36,200</u>	<u>36,200</u>	<u>62,428</u>	<u>26,228</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>36,200</u>	<u>36,200</u>	<u>62,428</u>	<u>26,228</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>	4,200	4,200	30,428	26,228
<b>FUND BALANCE -OCTOBER 1</b>	<u>1,685,620</u>	<u>1,685,620</u>	<u>1,685,620</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 1,689,820</u>	<u>\$ 1,689,820</u>	<u>\$ 1,716,048</u>	<u>\$ 26,228</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, 2022**

	<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	6	6	73	67
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>6</u>	<u>6</u>	<u>73</u>	<u>67</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>(194)</u>	<u>(194)</u>	<u>73</u>	<u>267</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>(194)</u>	<u>(194)</u>	<u>73</u>	<u>267</u>
<b>FUND BALANCE -OCTOBER 1</b>	<u>11,327</u>	<u>11,327</u>	<u>11,327</u>	<u>-</u>
<b>FUND BALANCE-SEPTEMBER 30</b>	<u>\$ 11,133</u>	<u>\$ 11,133</u>	<u>\$ 11,400</u>	<u>\$ 267</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.	106
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.	122
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	127
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.	132
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.	134

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>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>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 21,516,926
Restricted	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	12,717,546
Unrestricted	<u>15,860,901</u>	<u>20,892,158</u>	<u>9,587,756</u>	<u>9,612,542</u>	<u>11,266,409</u>	<u>13,784,265</u>	<u>5,636,734</u>	<u>6,120,595</u>	<u>11,445,066</u>	<u>9,348,803</u>
Total governmental activities net position	<u>\$ 21,364,602</u>	<u>\$ 25,864,222</u>	<u>\$ 24,306,858</u>	<u>\$ 26,035,518</u>	<u>\$ 28,501,402</u>	<u>\$ 30,443,922</u>	<u>\$ 31,403,260</u>	<u>\$ 34,549,855</u>	<u>\$ 40,243,586</u>	<u>\$ 43,583,275</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 33,754,078
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>5,531,782</u>	<u>5,408,349</u>	<u>4,695,184</u>	<u>5,687,456</u>	<u>6,155,259</u>	<u>5,224,201</u>	<u>5,743,289</u>	<u>6,761,831</u>	<u>6,980,143</u>	<u>8,084,976</u>
Total business-type activities net position	<u>\$ 13,215,996</u>	<u>\$ 21,604,815</u>	<u>\$ 21,879,210</u>	<u>\$ 23,721,230</u>	<u>\$ 25,750,581</u>	<u>\$ 28,443,717</u>	<u>\$ 31,086,977</u>	<u>\$ 33,732,538</u>	<u>\$ 35,775,155</u>	<u>\$ 41,839,054</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 55,271,004
Restricted for Permanent Endowment	1,374,067	1,420,639	-	-	-	-	-	-	-	-
Restricted	-	-	6,257,929	12,206,817	8,844,766	7,055,924	6,433,394	7,638,788	7,256,380	12,717,546
Unrestricted	<u>21,392,683</u>	<u>26,300,507</u>	<u>14,282,940</u>	<u>15,299,998</u>	<u>17,421,668</u>	<u>19,008,466</u>	<u>11,380,023</u>	<u>12,882,426</u>	<u>18,425,209</u>	<u>17,433,779</u>
Total primary government net position	<u><u>\$ 34,580,598</u></u>	<u><u>\$ 47,469,037</u></u>	<u><u>\$ 44,747,396</u></u>	<u><u>\$ 49,756,748</u></u>	<u><u>\$ 54,251,983</u></u>	<u><u>\$ 58,887,639</u></u>	<u><u>\$ 62,490,237</u></u>	<u><u>\$ 68,282,393</u></u>	<u><u>\$ 76,018,741</u></u>	<u><u>\$ 85,422,329</u></u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental Activities:										
General Government	\$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	\$2,646,847
Community Development	488,974	499,803	474,022	460,691	501,330	564,677	606,461	518,099	482,703	451,724
Finance	462,758	404,366	424,733	453,957	457,878	473,764	570,144	537,711	573,688	542,531
Public Safety	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	10,501,942
General/Public Services	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	4,561,107
Additional Payments on Pension Liability										500,000
Bond Issuance Cost	0	79,487	0	0	0	60,538	0	0	0	122,002
Interest on Long-Term Debt	703,793	544,840	609,610	672,462	564,734	537,896	560,955	408,132	331,511	325,791
<b>Total Governmental Activities Expenditures</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>	<b>19,651,944</b>
Business-Type Activities:										
Water and Sewer	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	6,096,339
Municipal Airport	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	1,773,743
Golf Course	387,220	390,556	380,340	351,975	298,029	320,271	389,876	340,433	351,561	363,866
Stormwater	261,470	373,440	397,236	401,177	595,174	547,183	695,052	782,941	725,619	748,161
Solid Waste	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	3,561,529
<b>Total Business-Type Activities Expenses</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>12,543,638</b>
<b>Total Primary Government Expenditures</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>\$32,195,582</b>
<b>Program Revenues</b>										
Governmental Activities:										
Fines, Fees, Charges for Services										
General Government	\$32,159	\$0	\$22,331	\$28,075	\$27,688	\$12,979	\$25,719	\$23,534	\$21,472	\$14,318
Community Development	560,554	691,640	665,918	272,729	837,926	948,033	837,068	752,412	677,009	519,193
Public Safety	123,184	272,044	375,469	578,735	514,831	649,699	682,857	400,149	333,185	430,403
General/Public Services	605,285	675,361	423,529	1,059,423	663,665	680,291	636,234	542,778	1,121,765	1,168,066
Operating Grants and Contributions	409,629	260,794	50,600	325,203	91,970	398,314	79,290	951,549	2,144,255	2,129,568
<b>Total Governmental Activities Program Revenues</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>4,261,548</b>

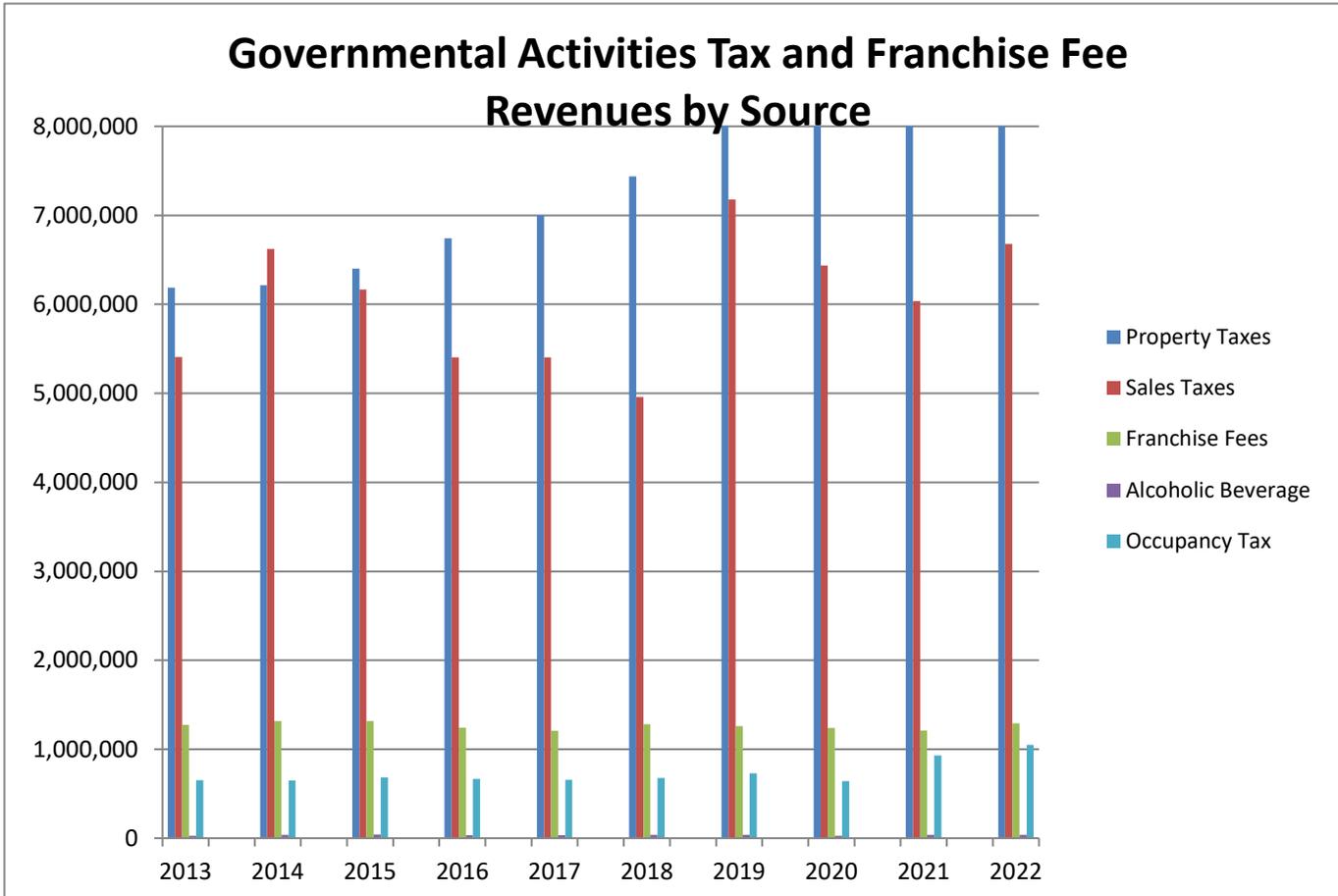
**Program Revenues (continued)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-Type Activities:</b>										
Fines, Fees, Charges for Services										
Water and Sewer	\$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	\$9,141,988
Municipal Airport	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	1,719,344
Golf Course	172,214	193,863	141,525	140,044	176,643	211,126	159,047	186,486	195,734	275,014
Stormwater	1,003,269	1,002,231	1,003,379	990,405	936,628	922,233	917,858	959,519	964,600	965,199
Solid Waste	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	5,230,254
Operating Grants and Contributions	0	472,676	86,996	117,941	34,722	21,448	28,941	127,726	100,663	54,452
Total Business-Type Activities Program Revenues	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	17,386,251
Total Primary Government Program Revenues	\$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	\$21,647,799
<b>Net (Expenses)/Revenue</b>										
Governmental Activities	(\$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)	(\$15,390,396)
Business-Type Activities	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	4,842,613
Total Primary Government	(\$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)	(\$10,547,783)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	\$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	\$9,041,592
Sales Taxes	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	6,680,051
Other Taxes & Fees	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	2,378,300
Investment Income	28,797	11,821	18,749	79,942	179,997	409,811	607,236	208,834	14,452	229,576
Miscellaneous	476,078	1,459,148	359,767	966,743	387,875	61,116	486,194	323,442	1,349,799	1,283,623
Transfers In (Out)	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	(883,057)
Total Government Activities	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	18,730,085
Business-Type Activities:										
Investment Income	6,778	5,795	11,927	52,415	92,919	165,413	252,792	100,582	8,872	87,174
Miscellaneous	998,514	7,699,845	0	50,217	1,076,731	470,115	177,385	778,550	210,655	251,055
Transfers In (Out)	(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)	883,057
Total Business-Type Activities	(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)	1,221,286
Total Primary Government	\$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	\$19,951,371
<b>Change in Net Position</b>										
Governmental Activities	\$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	\$3,339,689
Business-Type Activities	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	6,063,899
Total Primary Government	\$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	\$9,403,588

**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>
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
2022	9,041,592	6,680,051	1,290,972	37,070	1,050,258	18,099,943

## Governmental Activities Tax and Franchise Fee Revenues by Source



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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	770	978	547	6,597	7,944	8,532	12,702	5,245	6,718	254
Assigned:										
Stanford House	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Unassigned	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	9,291,672
<b>Total General Fund</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>\$9,291,926</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	770	0	0	0	0	0	0	0	0	0
Restricted:										
Debt Service	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	1,904,108
Construction	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	7,478,784
Tourism and the Arts	768,661	789,424	446,397	613,710	691,782	149,918	363,000	489,942	865,590	1,287,369
Other	106,663	165,888	120,288	155,293	203,881	224,966	268,714	278,291	344,981	331,237
Nonspendable										
Cemetery	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	1,685,620
Assigned:										
Stanford House	206,429	239,828	0	0	0	0	0	0	0	0
Construction	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	784
Other	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	12,661,560
Unassigned	0	0	0	0	0	0	22,846	0	0	0
<b>Total All Other Governmental Funds</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>	<b>\$34,641,388</b>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Ad Valorem Taxes	\$ 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	\$ 9,042,167
Sales Taxes	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	6,680,051
Other Local Taxes/Fees	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	2,378,300
Service Charges	896,422	1,091,780	846,746	1,059,423	1,077,957	1,096,726	1,050,566	815,073	1,232,603	1,214,497
License & Permits	269,957	275,221	265,032	300,804	451,322	544,577	448,455	503,651	587,642	487,081
Fines & Forfeitures	301,256	394,361	382,478	530,929	411,158	517,495	589,622	348,094	357,047	430,528
Interest from Investments	26,220	11,821	18,753	65,078	179,997	409,808	607,236	208,834	14,452	229,576
Intergovernmental Revenues	409,629	260,794	50,600	325,203	91,970	398,314	79,290	951,549	2,144,255	2,129,568
Other Income	1,441,807	1,315,154	389,004	981,607	462,327	434,285	486,194	326,908	1,342,341	1,439,700
<b>Total Revenues</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>\$ 24,031,468</b>
<b>Expenditures</b>										
General Government	\$ 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	\$ 2,240,105
Community Development	439,962	440,433	417,969	442,832	492,433	559,483	571,592	501,866	489,006	472,629
Finance	445,875	418,602	428,260	443,431	455,004	479,609	534,994	521,355	586,365	584,037
Public Safety	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	10,581,597
Public Works	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	4,075,854
Non-Departmental	0	0	0	0	0	0	808	0	1,002	
Additional Payments on Pension Liability										1,537,000
Capital Outlay	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	2,429,256
Debt Service:										
Principal	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	1,406,461
Interest	741,728	561,934	603,212	531,118	724,489	518,138	606,292	399,324	347,547	307,777
Bond Issuance Cost	0	79,487	0	0	0	43,791	0	24,954	0	122,002
<b>Total Expenditures</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>	<b>\$ 23,756,718</b>
Excess of revenues over(under) expenditures	(5,212,442)	(1,583,686)	(3,327,886)	(1,970,645)	(4,182,335)	(1,970,645)	(5,596,817)	245,862	1,166,374	274,750

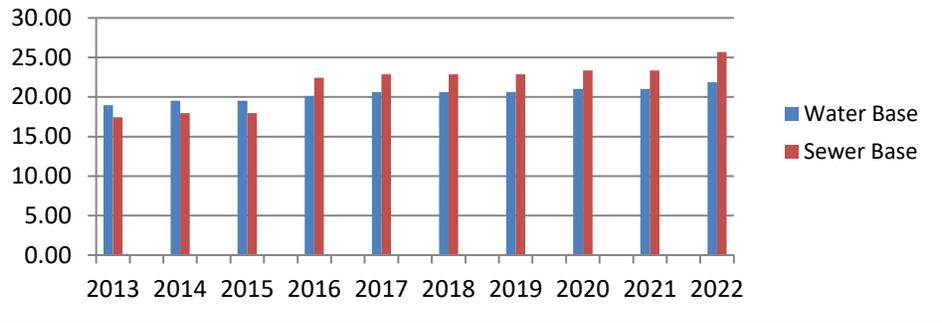
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Other financing Sources (Uses):</b>										
Proceeds from Bond Issues	0	5,095,637	0	7,715,806	0	6,068,745	634,383	1,338,750	0	7,180,000
Payment to Bond Escrow Agent	0	0	0	(3,210,454)	0	(1,778,240)	0	(1,336,293)	0	0
Premium on Debt Issuance	0	0	0	519,819	0	0	0	0	0	567,002
Funds transferred In	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	7,537,551
Funds transferred out	(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)	(8,420,608)
Total Other Financing Sources(Uses)	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	6,863,945
Net Change in Fund Balances	(\$2,697,800)	\$5,622,808	(\$1,462,562)	\$5,565,585	(\$1,859,771)	\$4,461,063	(\$3,401,135)	\$1,883,420	\$3,153,306	\$7,138,695
Debt Service as a percentage of										
Noncapital Expenditures	13.84%	12.23%	12.77%	11.54%	12.59%	12.08%	10.73%	10.45%	9.02%	8.04%

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

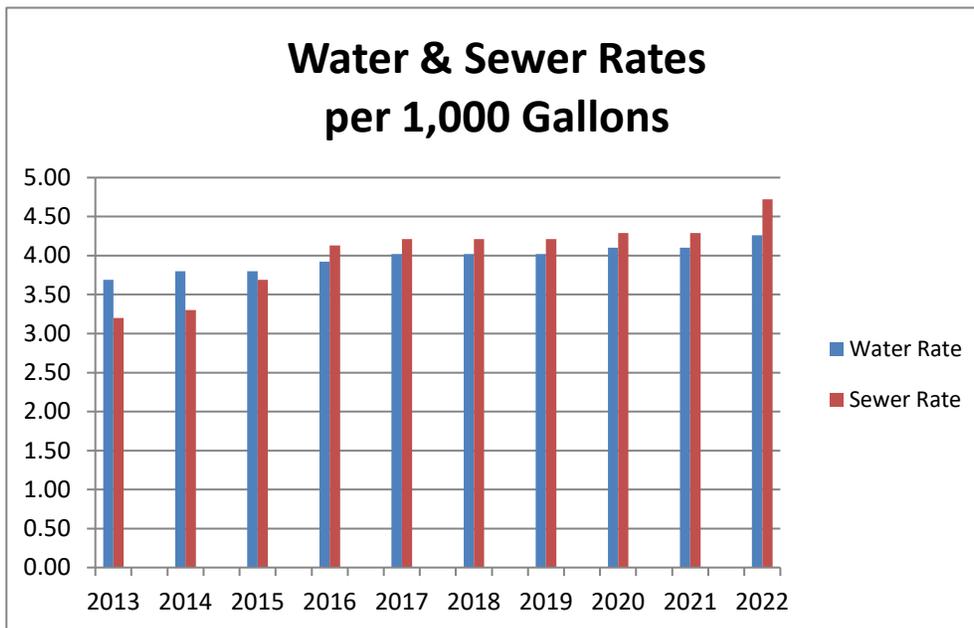
<b>Fiscal Year</b>	<b>Water Base</b> (per month)	<b>Water Rate</b> (per 1000 gals)	<b>Sewer Base</b> (per month)	<b>Sewer Rate</b> (per 1000 gals)
2013	18.96	3.69	17.42	3.20
2014	19.53	3.80	17.94	3.30
2015	19.53	3.80	17.94	3.69
2016	20.12	3.92	22.43	4.13
2017	20.62	4.02	22.88	4.21
2018	20.62	4.02	22.88	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
2022	\$21.87	\$4.26	\$25.67	\$4.72

Source: City of Gainesville Customer Service

### Water & Sewer Fund Base Charges

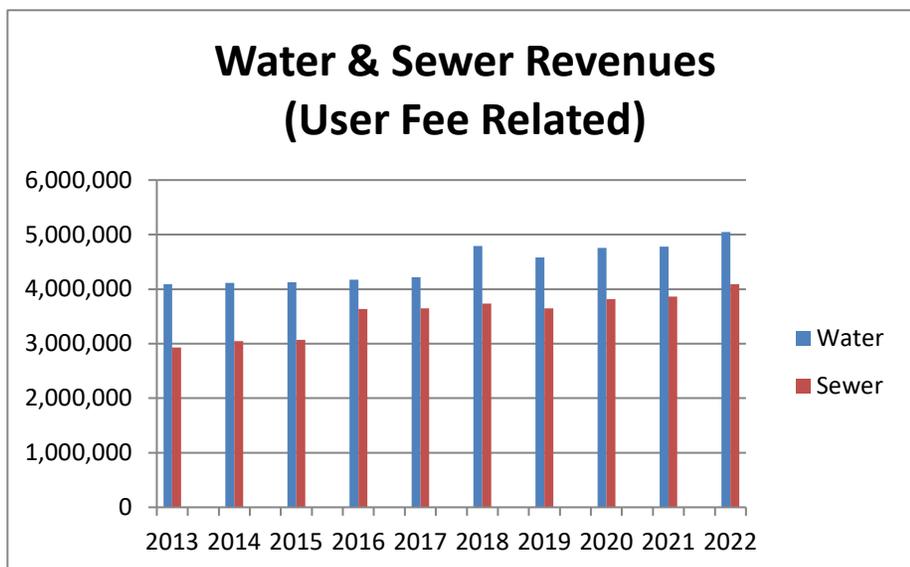


### Water & Sewer Rates per 1,000 Gallons



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

<b>Fiscal Year</b>	<b>Water Related Revenues</b>	<b>Sewer Related Revenues</b>	<b>Total</b>
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
2022	\$5,050,290	\$4,091,698	\$9,141,988



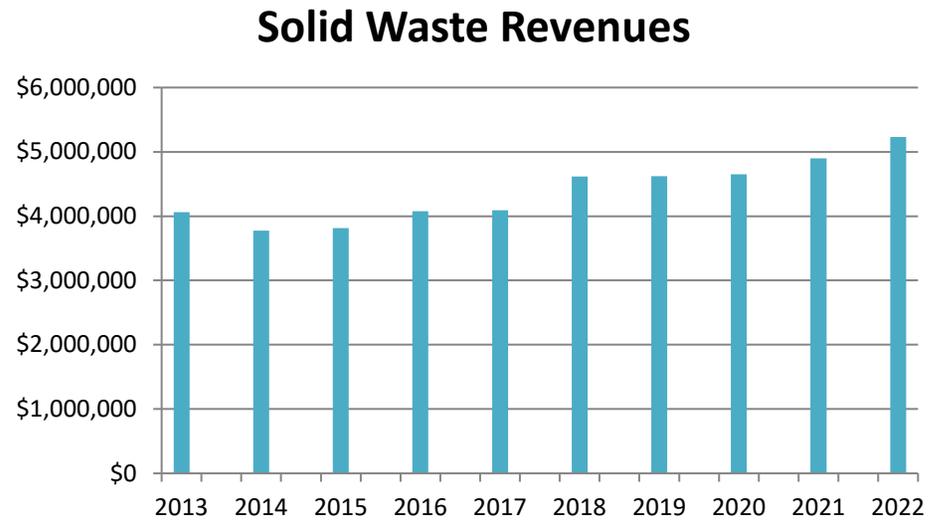
**City of Gainesville, Texas  
Ten Largest Consumers of Water  
Current Year and Nine Years Ago**

<b>Customer</b>	<b>2022</b>		<b>2013</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>
Austin Zachry	10,125,901	1		
Soless Management LLC	9,918,380	2		
Gainesville State School	7,140,000	3	10,241,000	2
GAF Materials Corporation	6,626,470	4		
Pecan Tree Rehab and Health Care	6,013,400	5	7,147,100	4
Lexington Square Apartments	4,699,800	6		
River Valley Nursing and Rehab	4,687,800	7		
Real Income Partners 1, LLC	4,326,960	8		
Cooke County Justice Center	4,326,810	9		
City of Gainesville- Frank Buck Zoo	3,642,200	10	9,768,700	3
Safran Seats USA LLC			15,622,210	1
North Central Texas College			4,816,600	5
North Texas Medical Center			4,749,300	6
Hunter's Car Wash			4,182,000	7
Polypipe, Inc.			4,139,100	8
Woodglen Apartments			3,796,700	9
Days Inn			3,774,300	10
<b>Total Water Consumption</b>	<b>61,507,721</b>		<b>68,237,010</b>	

Source: City of Gainesville Customer Service

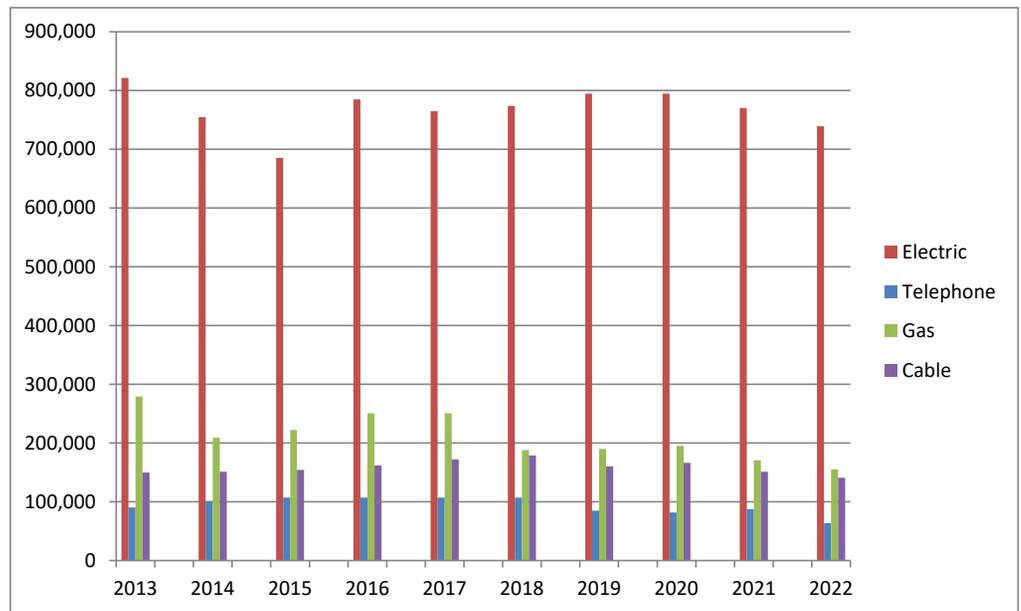
**City of Gainesville, Texas  
Solid Waste Fund Revenues  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Charges for Service Revenues</b>
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
2022	\$5,230,254



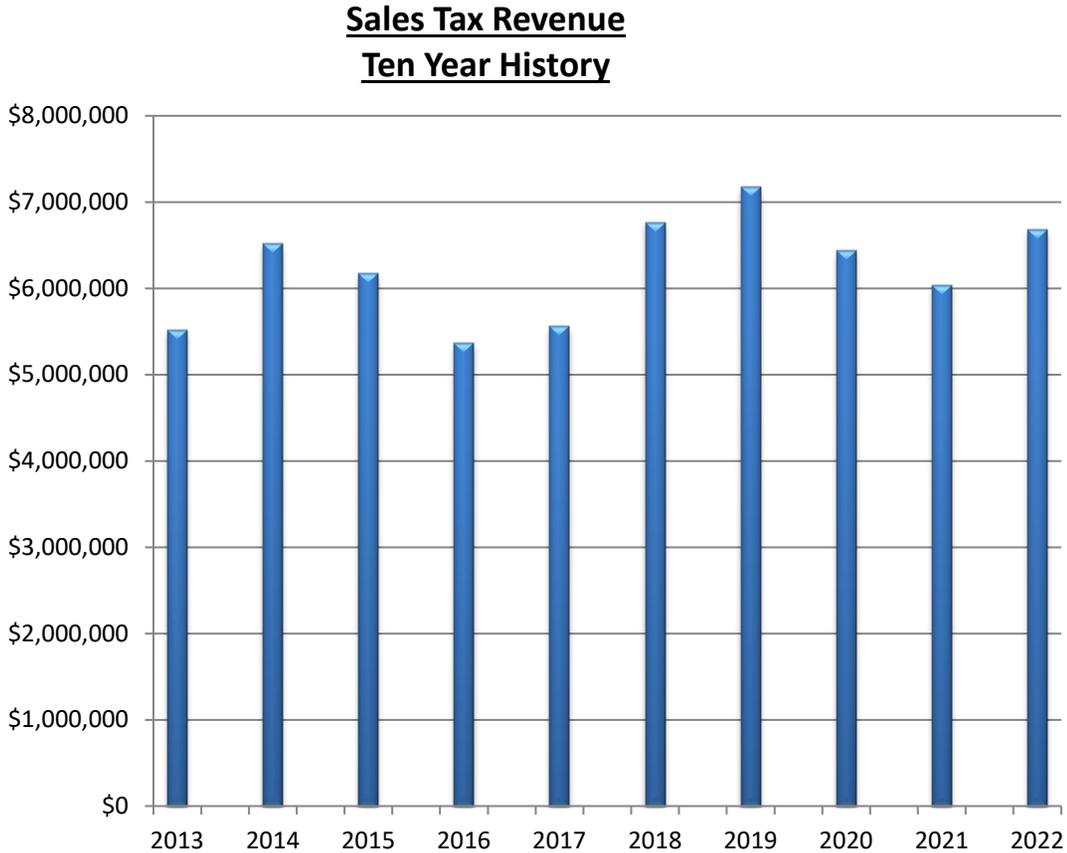
**City of Gainesville, Texas  
Franchise Fees  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Electric</b>	<b>Telephone</b>	<b>Gas</b>	<b>Cable</b>
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
2022	\$771,296	\$67,595	\$284,091	\$167,990



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

<u>Fiscal Year</u>	<u>Sales Tax Revenue</u>
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
2022	\$6,680,051



**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>
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%
2021	6.25%	0.50%	1.25%	0.25%	8.25%
2022	6.25%	0.50%	1.25%	0.25%	8.25%

Source: Texas State Comptroller's Office

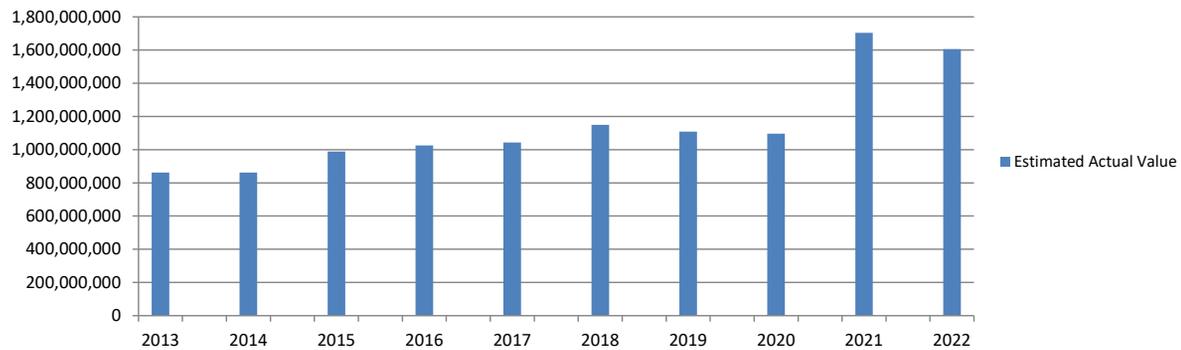
**Assessed and Estimated Actual Value of Property (1)  
Last Ten Fiscal Years**

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 (2)	Assessed Value	Estimated Actual Value		
2013	757,402,957	668,596,357	374,357,017	374,357,017	269,937,257	861,822,717	861,822,717	0.646000	100.0%
2014	806,604,990	806,604,990	485,569,221	485,569,221	309,805,953	982,368,258	861,822,717	0.687822	114.0%
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	805,382,183	543,466,902	451,099,647	354,963,587	1,026,197,213	1,026,197,213	0.705030	100.0%
2017	853,116,994	853,116,994	510,737,407	510,737,407	320,130,831	1,043,723,570	1,043,723,570	0.705030	100.0%
2018	939,547,849	939,547,849	575,320,726	575,320,726	364,874,399	1,149,994,176	1,149,994,176	0.722540	100.0%
2019	1,080,438,626	1,080,438,626	446,336,220	446,336,220	418,621,033	1,108,153,813	1,108,153,813	0.696290	100.0%
2020	1,147,882,640	1,147,882,640	394,280,334	394,280,334	445,429,209	1,096,733,765	1,096,733,765	0.696290	100.0%
2021	\$ 1,632,283,591	1,632,283,591	403,099,575	403,099,575	331,928,314	1,703,454,852	1,703,454,852	0.672100	100.0%
2022	\$ 1,884,025,460	\$ 1,884,025,460	\$ 386,925,105	\$ 386,925,105	\$ 665,005,571	\$ 1,605,944,994	\$ 1,605,944,994	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	
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
2022	0.49740	0.17470	0.67210	0.39620	0.01680	0.41300	0.98200	0.08000	1.06200	1.04820	0.11550	1.16370	3.31080

(1) Rates expressed in amounts per \$100. Source Cooke County Appraisal District

(2) Includes North Central Texas College, Gainesville Hospital District, and Lindsay School District.

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

Taxpayer	2022		2022		2013		2013	
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Safran Seats USA LLC (Zodiac)	\$ 18,505,797	1	0.98%	\$				
Wal-Mart #185	18,049,156	2	0.96%		17,159,463	3	1.99%	
Building Materials Corp of America (BMCA)	15,903,269	3	0.84%		13,787,657	4	1.60%	
Suddenlink Communications	12,934,027	4	0.69%					
Trident Process Systems	12,807,853	5	0.68%					
Oncor Electric	12,799,873	6	0.68%		8,235,370	7	0.96%	
Dura-Line LLC	12,782,413	7	0.68%					
SI Gainesville QOZB #2 LLC	11,528,016	8	0.61%					
Atmos Energy	10,152,343	9	0.54%					
Wesley Partners Senior Living, LLC	10,110,788	10	0.54%					
Schlumberger					86,901,895	1	10.08%	
Zodiac (Formerly Weber Aircraft)					35,608,927	2	4.13%	
Polypipe Inc.					10,343,412	5	1.20%	
Mesa Real Estate Partners LP					8,880,879	6	1.03%	
Forum USA					7,832,970	8	0.91%	
Karl Klement Properties					7,564,675	9	0.88%	
Gainesville Hospitality LTD					7,101,901	10	0.82%	
Total Assessed Valuation	\$ 1,884,025,460		7.20%	\$	861,822,717		23.60%	

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>
2013	6,148,726	6,060,370	98.6%	53,822	6,114,192	99.4%	34,534	0.6%
2014	6,162,316	6,084,320	98.7%	53,634	6,137,954	99.6%	24,361	0.4%
2015	6,472,700	6,354,971	98.2%	62,868	6,417,838	99.2%	54,862	0.8%
2016	6,646,443	6,579,772	99.0%	77,723	6,657,495	100.2%	(11,052)	-0.2%
2017	7,115,523	7,002,592	98.4%	69,718	7,072,311	99.4%	43,212	0.6%
2018	7,406,189	7,326,583	98.9%	70,583	7,397,166	99.9%	9,023	0.1%
2019	8,162,217	6,380,040	78.2%	1,713,630	8,093,670	99.2%	68,547	0.8%
2020	8,416,769	8,270,669	98.3%	72,093	8,342,761	99.1%	74,008	0.9%
2021	8,561,520	8,534,116	99.7%	47,774	8,581,890	100.2%	(20,370)	-0.2%
2022	\$ 8,974,262	\$ 8,854,186	98.7%	\$ 0	8,854,186	98.7%	\$ 120,076	1.3%

(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			
2013	\$ 13,975,198	8,031,096	\$ 0	31,918	\$ 8,886,567	\$ 6,473,904	\$ 105,000	\$ 265,692	\$ 37,769,375	8.73%	2,360
2014	12,765,493	4,718,750	0	460,143	9,469,550	6,701,750	0	551,887	34,667,573	10.58%	2,166
2015	16,054,484	4,499,250	0	342,757	7,189,508	16,815,750	0	1,076,394	45,978,143	14.03%	2,873
2016	14,812,775	2,494,500	0	849,850	6,030,519	18,130,500	0	121,516	42,439,660	12.95%	2,652
2017	13,523,263	2,356,500	0	801,446	4,977,228	17,403,500	0	995,404	40,057,341	12.10%	2,459
2018	10,065,466	6,204,610	0	900,419	3,881,737	20,050,390	0	930,528	42,033,150	12.70%	2,580
2019	7,769,856	5,990,873	0	1,405,332	5,554,534	19,159,127	0	871,529	40,751,251	12.31%	2,469
2020	6,764,811	4,384,698	0	1,200,006	8,870,143	16,570,301	0	970,833	38,760,792	11.71%	2,349
2021	6,764,811	4,180,728	0	992,147	8,015,190	15,679,271	0	916,909	36,549,056	9.76%	2,175
2022	\$ 5,737,081	\$ 11,152,558	\$ 0	\$ 1,257,790	\$ 7,142,916	\$ 14,752,441	\$ 0	\$ 846,176	\$ 40,888,962	10.22%	2,337

**City of Gainesville, Texas**  
**Ratio of Net General Bonded Debt Outstanding**  
**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>General Bonded 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>
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
2022	17,500	1,884,025,460	38,784,996	1,904,108	36,880,888	1.96%	2,107.48

(1) From US Bureau of Census 2010 Census, updated 2022

(2) From Cooke County Appraisal District

(3) The City has no revenue bonds

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

**City of Gainesville, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2022**

<b>Jurisdiction</b>	<b>Total Debt Outstanding</b>	<b>Estimated Percent Applicable</b>	<b>Direct and Overlapping Funded Debt As of 9/30/22</b>
<b><i>Direct Debt:</i></b>			
City of Gainesville	<u>\$16,911,609</u>	100.00%	<u>\$16,911,609</u>
Subtotal Direct Debt	<u>\$16,911,609</u>		<u>\$16,911,609</u>
<b><i>Overlapping Debt:</i></b>			
Cooke County	1,505,000	29.99%	451,350
Gainesville ISD	22,430,979	80.30%	18,012,076
Lindsey ISD	0	48.51%	0
Gainesville Hospital District	35,835,000	35.58%	12,750,093
North Central Texas Community College	<u>9,630,000</u>	25.20%	<u>2,426,760</u>
Subtotal Overlapping Debt	<u>69,400,979</u>		<u>33,640,279</u>
<b><i>Total Direct and Overlapping Debt</i></b>	<b><u><u>\$86,312,588</u></u></b>		<b><u><u>\$50,551,888</u></u></b>

Ratio of direct and overlapping bonded debt to taxable assessed valuation 3.67%

Per capita direct and overlapping bonded debt \$2,888.68

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

Source: First Southwest Company

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$5,657	\$12,429	\$12,975	\$14,910	\$13,703	\$12,339	\$11,126	\$10,340	\$9,001	\$5,759
Total Net Debt Applicable to Limit	2,118	1,933	2,032	1,887	2,104	2,042	1,948	1,851	1,723	1,714
Legal Debt Margin	\$1,187	(\$3,271)	(\$3,272)	(\$124)	(\$1,983)	(\$6,117)	(\$80)	\$3,070	\$7,543	\$8,467
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	37.44%	15.55%	15.66%	12.66%	15.35%	16.55%	17.51%	17.90%	19.14%	29.76%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Assessed value	\$1,884,025,460
Add back: exempt real property	<u>306,347,844</u>
Total assessed value	1,577,677,616
Debt limit (\$1.50 to total assessed value)	23,665,164
Debt applicable to limit:	
General Obligation bonds	5,759,000
Less: Amount set aside for repayment of GO debt	1,714,000
Tax Certificates of Obligations w/Revenue Pledge	11,153,000
Total net debt applicable to limit	15,198,000
Legal Debt Margin	\$8,467,164

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

Source: Hilltop Securities

**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	
2013	\$ 7,805,004	\$ 4,839,005	\$ 2,965,999	0	0	0	N/A
2014	7,499,164	4,744,612	2,754,552	0	0	0	N/A
2015	7,966,390	6,174,754	1,791,636	0	0	0	N/A
2016	7,541,024	5,565,217	1,975,807	0	0	0	N/A
2017	8,111,187	5,928,017	2,183,170	0	0	0	N/A
2018	7,863,520	5,389,711	2,473,809	0	0	0	N/A
2019	8,614,646	5,565,108	3,049,538	0	0	0	N/A
2020	8,227,772	4,805,130	3,422,642	0	0	0	N/A
2021	8,286,736	4,697,223	3,589,513	0	0	0	N/A
2022	\$ 9,229,306	\$ 4,798,453	\$ 4,430,853	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)
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%
2022	17,576	\$ 401,945,544	\$ 22,869	33	3,090	79.90%	3.20%

- (1) US Census Bureau 2010 Census
- (2) GEDC
- (3) Gainesville Independent School District

**City of Gainesville, Texas  
Ten Largest Employers  
Fiscal Year 2022 and 2013**

<b>Employer</b>	<b>2022</b>			<b>2013</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	2,027	1	12.11%	2,898	1	12.75%
Safran (formerly Zodiac/Weber)	800	2	4.78%	1,600	2	7.04%
Gainesville ISD	442	3	2.64%	380	5	1.67%
North Central Texas College	352	4	2.10%	362	6	1.59%
Wal-Mart	350	5	2.09%	427	3	1.88%
North Texas Medical Center (NTMC)	315	6	1.88%	275	8	1.21%
Cooke County	281	7	1.68%	224	9	0.99%
IFS Coatings	266	8	1.59%			
Gainesville State School	250	9	1.49%	387	4	1.70%
City of Gainesville	220	10	1.31%			
Select Energy Services				350	7	1.54%
Complete Energy Services				212	10	0.93%
Totals	5,303		31.69%	7,115		31.30%

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

<b>Function</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>2022</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
Municipal Court	5	5	5	5	4	4	4	4	4	4
Civic Center	2	2	2	2	2	2	2	2	2	2
Community Development	5	5	5	5	6	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	56	56	56	59	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	42	45	46	46	46	18
Frank Buck Zoo	15	15	15	15	19	19	20	20	20	20
Cemetery	5	5	5	5	5	5	7	7	7	4
Golf Course	7	8	8	7	6	6	6	6	6	6
Water	21	21	21	21	17	17	18	18	17	20
Wastewater	17	17	17	17	17	16	14	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	14	14	14	11
Solid Waste - Disposal	2	2	2	2	2	2	2	2	2	5
<b>Total</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>	<b>242</b>

Source: City of Gainesville Human Resources department.  
Changes in current year: eliminated 3 positions in Cemetery

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police</b>										
Calls for Service	24,945	28,743	31,673	34,558	32,026	32,260	28,382	27,129	26,237	29,362
Arrests	1,055	1,023	1,285	1,392	1,222	1,356	1,041	819	757	824
<b>Municipal Court</b>										
Cases Filed	3,472	4,091	5,000	6,612	5,447	6,293	6,522	3,941	3,828	5,312
Cases Disposed	3,506	4,580	5,000	2,442	5,648	5,493	6,399	3,354	4,673	4,471
Class C Warrants Filed	1,413	1,789	1,000	1,854	1,617	2,252	2,762	1,280	2,365	1,990
Juvenile Cases Filed	320	175	175	146	117	217	134	164	129	189
<b>Fire</b>										
Number of calls	780	874	954	2,461	2,670	3,111	3,124	3,302	3,615	3,621
Number of fires	175	174	240	143	169	286	145	170	135	178
Rescue/EMS incidents	175	200	210	1,544	1,829	1,825	1,908	2,050	2,242	2,388
<b>Streets</b>										
Potholes Patched	7,941	5,751	7,529	4,608	2,701	3,374	4,461	4,491	3,903	2,366
Storm drains cleaned	318	122	137	126	93	122	446	604	465	164
Miles of streets swept	860	1,098	864	690	1,595	868	900	703	737	587
<b>Golf Course</b>										
Rounds of golf	7,583	7,853	9,100	7,435	9,216	10,331	8,565	9,142	9,793	10,480
<b>Community Development</b>										
Building Permits	984	973	1,069	1,258	1,168	1,022	1,200	1,476	1,389	1,135
Value of Building Projects (in thousands) *	3,046	17,732	21,289	15,919	28,960	34,752	17,224	15,493	33,688	13,759
Number of Inspections	1,691	1,593	866	878	982	1,153	1,268	1,308	1,389	1,784
<b>Finance</b>										
Number of invoices paid	8,019	7,284	6,985	7,372	6,700	7,528	6,700	5,736	7,259	6,801
Received CAFR award	Yes									
Received Budget Presentation award	Yes									
Number of Payroll checks prepared	5,880	6,214	6,063	6,062	6,176	5,936	6,175	6,213	6,009	5,877
<b>Water System</b>										
Number of water customers	6,166	6,182	6,200	6,074	6,109	6,116	7,363	7,475	7,516	6,377
New Connects	1,412	1,419	1,525	1,344	1,313	1,281	1,431	1,236	1,265	1,167
Daily average water consumption (mil gls)	2.4	2.4	2.10	2.10	2.10	2.10	2.10	2.30	3	2
Maximum daily pumping capacity (mil gls)	6.8	6.8	6.80	6.80	6.80	6.70	6.80	6.80	7.53	7.84
Maximum storage capacity (mil gls)	3.8	3.8	3.80	3.80	3.80	4.03	4.00	4.00	4.00	4.00
<b>Wastewater System</b>										
Number of wastewater customers	5,822	6,013	5,964	5,775	5,805	5,816	7,151	7,157	7,176	7,114
Daily average treatment(mil gls)	1.4	1.6	2.27	2.20	1.60	1.80	2.49	2.61	1.85	1.34
Maximum daily treatment capacity(mil gls)	4.1	4.1	4.14	10.00	4.14	4.14	4.14	4.14	4.14	4.14
<b>Airport</b>										
Gallons of aviation fuel pumped	216,735	260,944	265,306	311,236	323,952	334,975	334,670	359,090	397,701	348,326

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	11
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Hydrants	825	825	825	825	825	825	881	913	913	903
Fire Vehicles	13	13	13	12	12	12	14	13	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	102
Street Lights	1581	1581	1581	1581	1581	1581	1572	1573	1573	1588
<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	226	266	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
Miles of water mains	137.5	137.5	137.5	137.5	137.5	151	151	151	151	153
Number of Water Treatment Plants	1	1	1	1	2	1	1	1	1	1
<b>Wastewater System</b>										
Miles of wastewater mains	134	134	134	134	134	132	132	132	132	129
Miles of storm drainage mains	10	10	10	10	10	14	14	14	14	14
Number of Wastewater Treatment Plants	1	1	1	1	1	1	1	1	1	1
<b>Sanitation</b>										
Collection Trucks	12	12	12	13	5	5	9	10	10	10
Long Haul Trucks	4	4	4	4	4	4	3	3	3	6
Heavy Equipment Units	-	-	-	-	-	-	3	7	7	7
Vehicles	5	5	5	5	6	6	7	6	6	6
Carts	5857	5857	5857	5563	5353	5364	6736	6773	6889	6495
<b>Airport</b>										
Airport acreage	1317	1317	1317	1297	1277	1277	1277	1277	1277	1277
Number of runways	2	2	2	2	2	2	2	2	2	2
Number of hangars	6	6	6	6	6	6	6	6	6	6

Source: Various City Departments



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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Texas's basic financial statements, and have issued our report thereon dated February 22, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Gainesville, Texas's internal control over financial reporting (internal control) as a basis for designing 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 City of Gainesville, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Gainesville, Texas's internal control.

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

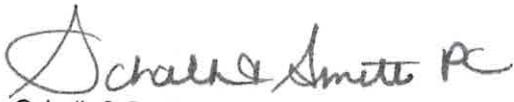
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

A handwritten signature in cursive script that reads "Schalk & Smith P.C.".

Schalk & Smith, P.C.  
Gainesville, Texas  
February 22, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

***Opinion on Each Major Federal Program***

We have audited City of Gainesville, Texas's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Gainesville, Texas's major federal programs for the year ended August 31, 2022. City of Gainesville, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Gainesville, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Gainesville, Texas, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Gainesville, Texas's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Gainesville, Texas's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Gainesville, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred

to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Gainesville, Texas's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Gainesville, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Gainesville, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Gainesville, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

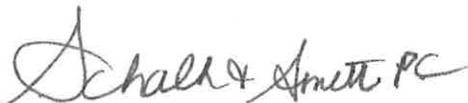
#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Schalk & Smith, P.C.  
Gainesville, Texas  
February 22, 2023

**CITY OF GAINESVILLE, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

- The type of report issued on the financial statements of the City of Gainesville, Texas was an unmodified opinion.
- With respect to internal control over financial reporting we identified no material weaknesses and we reported no significant deficiencies.
- We noted no noncompliance material to the financial statements.
- With respect to internal control over major federal programs we identified no material weaknesses and we reported no significant deficiencies.
- The type of report we issued on compliance for major programs was an unmodified opinion.
- We disclosed no audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).
- We identified the following major programs:  
Coronavirus Relief Fund CFDA #21.027
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- The auditee does not qualify as a low-risk auditee.

**Section II Financial Statement Findings- NONE**

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

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

**CITY OF GAINESVILLE, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

N/A

**CITY OF GAINESVILLE, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

N/A

**CITY OF GAINESVILLE, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2022**

<b>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>GRANTOR NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>United States Department of Justice</b>			
<u>Pass Through From:</u>			
Governors Criminal Justice Division Bulletproof Vest Partnership Program	16.607	unknown	3,745
Governors Criminal Justice Division Edward Byrne Memorial Justice Assistance Grant	16.738	unknown	12,050
<b>Total United States Department of Justice</b>			<u>15,795</u>
<b>Department of Transportation</b>			
<u>Pass Through From:</u>			
Texas Department of Transportation Airport Improvement Program	20.106	1803GAINS	<u>52,125</u>
<b>Department of the Treasury</b>			
<u>Pass Through From:</u>			
Texas Department of Emergency Management Coronavirus Relief Fund	21.027	2020-CR-21019	<u>712,529</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 780,449</u>

**CITY OF GAINESVILLE, TEXAS**  
**NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2022**

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

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

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