

City of Gainesville, Texas

Annual Comprehensive Financial Report
October 1, 2022-September 30, 2023



About the Cover

Gainesville Police Department

The mission of the Gainesville Police Department is to serve our community with integrity, courage, and professionalism. The Department is a dedicated team whose primary responsibility is the delivery of fair and impartial law enforcement services to the residents, businesses, and visitors in the City of Gainesville, Texas. Together, our personnel deliver a coordinated, timely response to calls for service to meet the needs of the community. We take a proactive stance throughout each division to enhance the safety of our community and strive to maintain positive interactions with our citizens. Customer service is a core component of the Department philosophy, which guides all of the services provided to the community.

The Department has 43 sworn officers and 16 support personnel which are divided among three divisions; Patrol, Investigations, and Support Services. The Department provides traditional law enforcement services including Patrol and Criminal Investigations along with a variety of specialized services including a Canine Unit, Special Investigations, Special Response Team, Marine Safety Enforcement Officers, and Animal Control. Although the City of Gainesville is a rural community with a small-town atmosphere, the Police Department is a progressive and proactive organization with outstanding personnel and technologically advanced equipment.

The Department places an emphasis on community outreach events to foster positive community relations and maintain visibility outside of traditional law enforcement services. Our personnel regularly participate in numerous community events including Citizen Police Academy, Coffee with a Cop, National Night Out, Depot Day, Shop with a Cop, Medal of Honor Host City Program, Spring Fling, and many others.

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CITY OF GAINESVILLE, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i – vi
GFOA Certificate of Achievement	vii
Organizational Chart	viii
Principal City Officials	ix
FINANCIAL SECTION	
Independent Auditor’s Report	1 – 3
Management Discussion and Analysis	4 – 17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19 – 20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	21 – 22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24 – 25
Reconciliation of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
Statement of Net Position	27 – 28
Statement of Revenues, Expenses, and Changes in Fund Net Position	29 – 30
Statement of Cash Flows	31 – 32
Notes to the Financial Statements	33 – 58

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual	59 – 60
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	61 – 62
Schedule of Employer Pension Contributions – Texas Municipal Retirement System	63 – 64
Schedule Of Changes in OPEB Liability and Related Ratios – Supplemental Death Benefit Fund	65 – 66

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds	67 – 71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	72 – 76
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Assigned Projects Fund – Budget and Actual.....	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund – Budget and Actual.....	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Hotel/Motel Tax Fund – Budget and Actual	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Municipal Court Juvenile Case Manager – Budget and Actual.....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Municipal Court Technology – Budget and Actual.....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Municipal Court Security – Budget and Actual	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Law Enforcement Education – Budget and Actual.....	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance – State Seizure Fund – Budget and Actual.....	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance – City Athletic Fields – Budget and Actual	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cable Peg Fee – Budget and Actual.....	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cemetery Permanent Fund – Budget and Actual.....	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Cohen Scholarship Fund – Budget and Actual.....	88

STATISTICAL SECTION	<u>Table</u>	<u>Page Number</u>
Net Position by Component	1	89 – 90
Changes in Net Position	2	91 – 94
Fund Balances of Governmental Funds.....	3	95 – 96
Changes in Fund Balances of Governmental Funds	4	97 – 98
Assessed and Estimated Actual Value of Property.....	5	99 – 100
Property Tax Rates Direct and Overlapping Governments.....	6	101 – 102
Principal Taxpayers	7	103
Property Tax Levies and Collections.....	8	104 – 105
General Governmental Tax Revenues by Source Property	9	106
Sales Tax Revenues Last Ten Years	10	107
Direct and Overlapping Sales Tax Rates	11	108
Franchise Fees Last Ten Years	12	109
Water and Sewer Rates-Residential	13	110 – 111
Water and Sewer Revenues.....	14	112
Ten Largest Consumers of Water	15	113
Solid Waste Fund Revenues Last Ten Years	16	114
Ratios of Outstanding Debt by Type	17	115 – 116
Ratios of Net General Obligation Bonded Debt To Assessed Value And Net General Obligation Bonded Debt Per Capita	18	117 – 118
Computation of Direct and Overlapping Bonded Debt.....	19	119
Legal Debt Limit	20	120 – 121
Revenue Bond Coverage	21	122
Demographic and Economic Statistics.....	22	123
Ten Largest Employers	23	124
Full-Time Equivalent Employees by Function.....	24	125 – 126
Operating Indicators by Function	25	127 – 128
Capital Asset Statistics by Function	26	129 – 130

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INTRODUCTORY SECTION

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March 19, 2024

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, 2023, 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 Pattillo, Brown & Hill, Certified Public Accountants. The independent auditor has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2023, 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 20 square miles and, as of the 2020 U.S. Census, a population of 17,912. 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 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.

To remain in compliance with legal provisions contained in the annual budget approved by the City Council, purchase orders are required to follow the City's adopted policies and procedures. Purchase orders that are under three thousand dollars (<\$3,000) are approved by the Department Directors, while those over three thousand dollars (>\$3,000) are approved by the City Manager. Any purchase over fifty thousand dollars (>\$50,000) must be approved by the City Council.

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.

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.

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.

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. 3.8% 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 2022-2023:

- A project to expand and renovate the Solid Waste Fund's transfer station was completed in Fiscal Year 2022-2023.
- New home residential construction continued in Black Hill Farms Phase I and Phase II during the 2023 fiscal year. Additionally, Lackland Holdings completed 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 946 new residential lots. At this time thirty-one (31) permits have been issued for single-family houses.
- The City is working with three separate apartment developers for large, high-density multifamily projects that could potentially result in a total of 1,342 new apartment units as the housing market allows.

- In the 2023 fiscal year, Camp Howze Development Partners, LLC has continued to acquire additional land for a planned industrial park that is located on a BNSF Certified Site for purposes of developing a site for rail served industries and a transload facility.
- GAF Materials Corporation completed a chemical building located at 1301 Corporate with a value of \$3,876,000. The company has recently been issued two permits to remodel and expand two additional onsite buildings with a value of \$180,000 and \$887,000.
- Southern Tire Mart was permitted to build a new retail location off of I-35 for a value of \$5,500,000.
- Prosperity Bank was permitted to building a new facility in downtown with a value of \$2,500,000
- Waffle House was permitted to build a new restaurant with a value of \$450,000.
- Trident was issued two permits for a canopy and addition of a paint building with a total value of \$315,000.

Ad Valorem Tax

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

Allocation of Ad Valorem Taxes

The revenue to be received from current tax collections is distributed between the General Fund and Debt Service Fund according to the ratio for allocation that is set when the budget is adopted. Allocation of ad valorem tax revenues by purpose for fiscal year 2023 and the preceding four years is reflected in the following table. The amounts in the table are per one hundred dollars of assessed value.

Purpose	2023	2022	2021	2020	2019
General	0.466600	0.497400	0.495200	0.479290	0.496790
Debt Service	0.157300	0.174700	0.192300	0.217000	0.225750
Total	0.623900	0.672100	0.687500	0.696290	0.722540

For Fiscal Year 2023, the Net Taxable Value increased by \$205,741,277 or 15.01% 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 \$44.31 million (FY 2024 - \$2.95 million, FY 2026 - \$6.05 million, FY 2028 - \$5.58 million, FY 2030 – \$7.78 million, FY 2032 - \$4.55 million, FY 2034 - \$4.35 million, FY 2036 - \$1.65 million, FY 2038 - \$3.55 million, FY 2040 - \$1.03 million, and FY 2042 - \$6.81 million) in the next twenty years without increasing the tax rate to help reach its long-term goals. In Fiscal Year 2024, the City plans to issue \$1.50 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 2024-2028 were approved by the City Council and are included in the fiscal year 2024 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 \$62.55 million in total capital expenditures. The CIP breaks these expenditures into two separate categories: recurring at \$14.81 million or 23.68% and non-recurring at \$47.74 million or 76.32%.

Financial Policies

The City is required by ordinance to maintain a ninety (90) day reserve. At the close of the 2023 fiscal year, the City had a 177-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, 2022. This was the thirty-first (31st) 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 twelve 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 2024 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 principles.

Sincerely,

Barry Sullivan

City Manager

J.L. Johnson, CPA

Finance Director

Olajirin Osasanya, CPA

Controller



Government Finance Officers Association

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

Presented to

**City of Gainesville,
Texas**

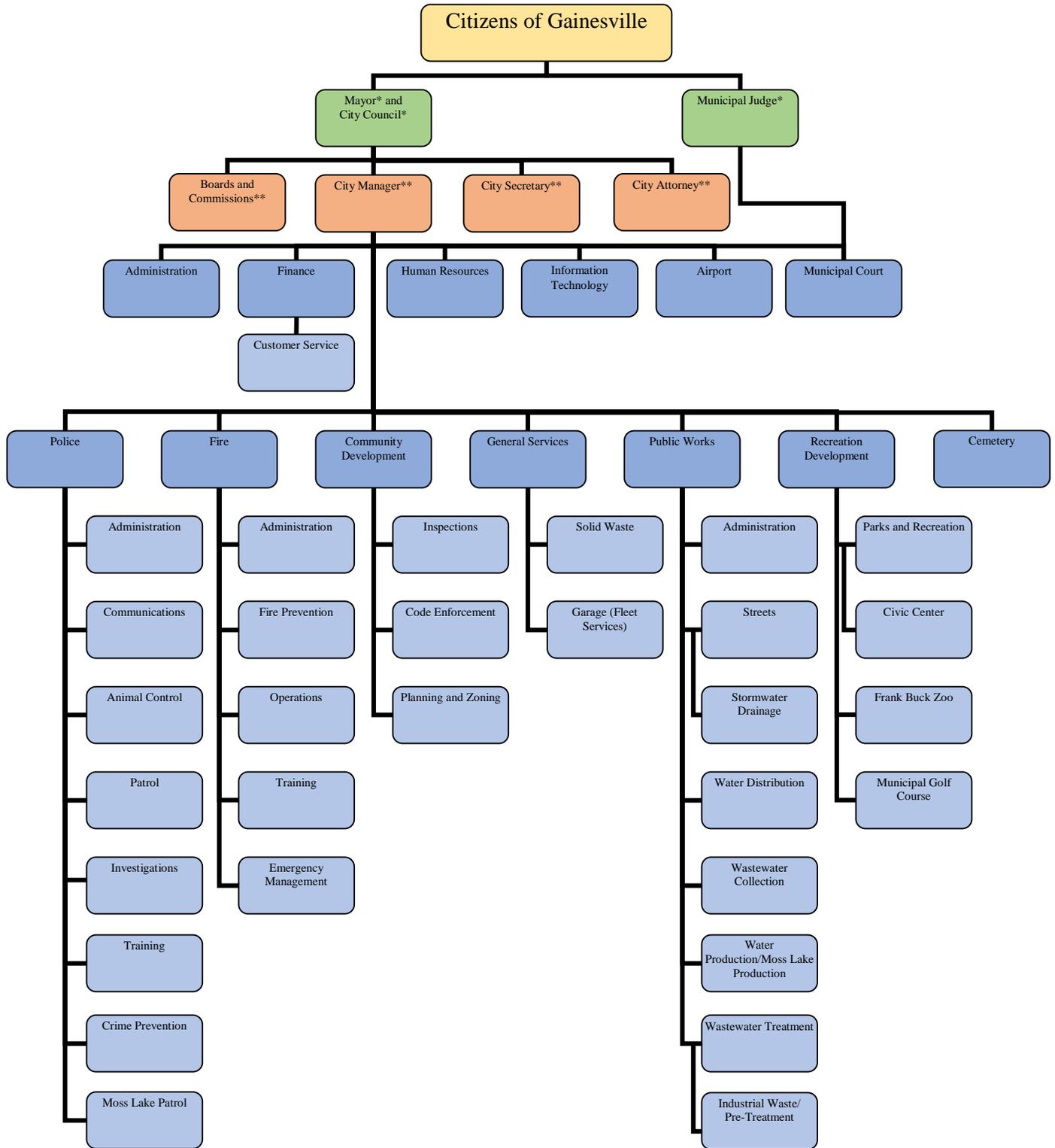
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Gainesville, Texas Organizational Chart



CITY OF GAINESVILLE, TEXAS
September 30, 2023

LIST OF PRINCIPAL OFFICIALS

Title	Name
Mayor *	Tommy Moore
Council Member & Mayor Pro Tem*	Ken Keeler
Council Member*	Keanna Franklin
Council Member*	Brandon Eberhart
Council Member*	Michael Hill
Council Member*	Mary Jo Dollar
Council Member*	Jeff Johnson
City Manager**	Barry L. Sullivan
City Secretary **	Diana Alcala
City Attorney**	Messer, Fort & McDonald PLLC
Finance Director	J.I. Johnson
Police Chief	Kevin Phillips
Municipal Court Judge *	Chris Cypert
Fire Chief	Wayne Twiner
Director of Public Works	Allen McDonald
Community Services Director	Michael Doughty
Director of Human Resources	Leah Gore
Airport Manager	David Vinton

* Denotes Elected Official

** Denotes Appointed by City Council

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of City Council
City of Gainesville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gainesville, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Gainesville, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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 (GAAS) 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' 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 GAAS 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 GAAS 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' 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' 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, budgetary comparison information, and pension and OPEB 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' basic financial statements. The combining and individual fund financial statements and schedules, introductory and statistical sections 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section 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 March 19, 2024, on our consideration of the City of Gainesville, Texas' 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' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gainesville, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 19, 2024

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gainesville, Texas (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, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City, on a government-wide basis, exceeded its liabilities and deferred inflows as of September 30, 2023 by \$96,917,247 (net position). Of this amount, \$29,727,553 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$15,504,607. The governmental net position increased \$16,961,724 the business-type activities decreased by (\$1,457,117).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,433,945 (made up of \$8,962,091 in General Fund, \$8,161,578 in the Assigned Projects Fund \$208,852 in the America Recovery Grant Fund, \$6,813,742 in 2022 CO Bond Fund, \$8,548,176 in the 2023 CO Bond Fund and \$10,739,506 other governmental funds), an increase of \$12,771,818 in comparison with the prior year.
- 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 2023 was \$8,962,091 and of that amount \$8,081,500 is cash. This represents 177 days of recurring General Fund expenditures. The City met its revised ordinance with an increase in General Fund balance of \$200,000 and transferred an excess amount of \$5,365,750 into the Assigned Projects Fund at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the City's assets, deferred outflows and inflows of resources, and liabilities, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the time of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community services, fleet and facility services, highways and streets, and public safety. The business-type activities of the City include the water and sewer system, solid waste, stormwater, municipal airport, and a golf course.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation. Financial information for this component unit is reported discretely in the government-wide financial statements.

Fund financial statements – 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 City’s near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Assigned Projects Fund, America Recovery Grant Fund, 2022 CO Bond Fund, and the 2023 CO Bond Fund, all of which are considered to be major funds. Data from the other twenty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and certain budgetary schedules in this report. The basic governmental fund financial statements can be found immediately following this management’s discussion and analysis.

The City adopts an annual appropriated budget for its General Fund and several of the non-major governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary funds – The City maintains one type of proprietary 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, solid waste, stormwater, municipal airport, and golf course activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding pension and OPEB benefits to its employees and the budgetary schedule of the General Fund and major special revenue funds.

The combining statements and other budgetary schedules referred to earlier in connection to the non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$96,917,247 at the close of the most recent fiscal year.

A portion of the City’s net position, \$61,715,682, or 64% of total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$20,836,930 or 21% total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$14,634,635 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report position balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

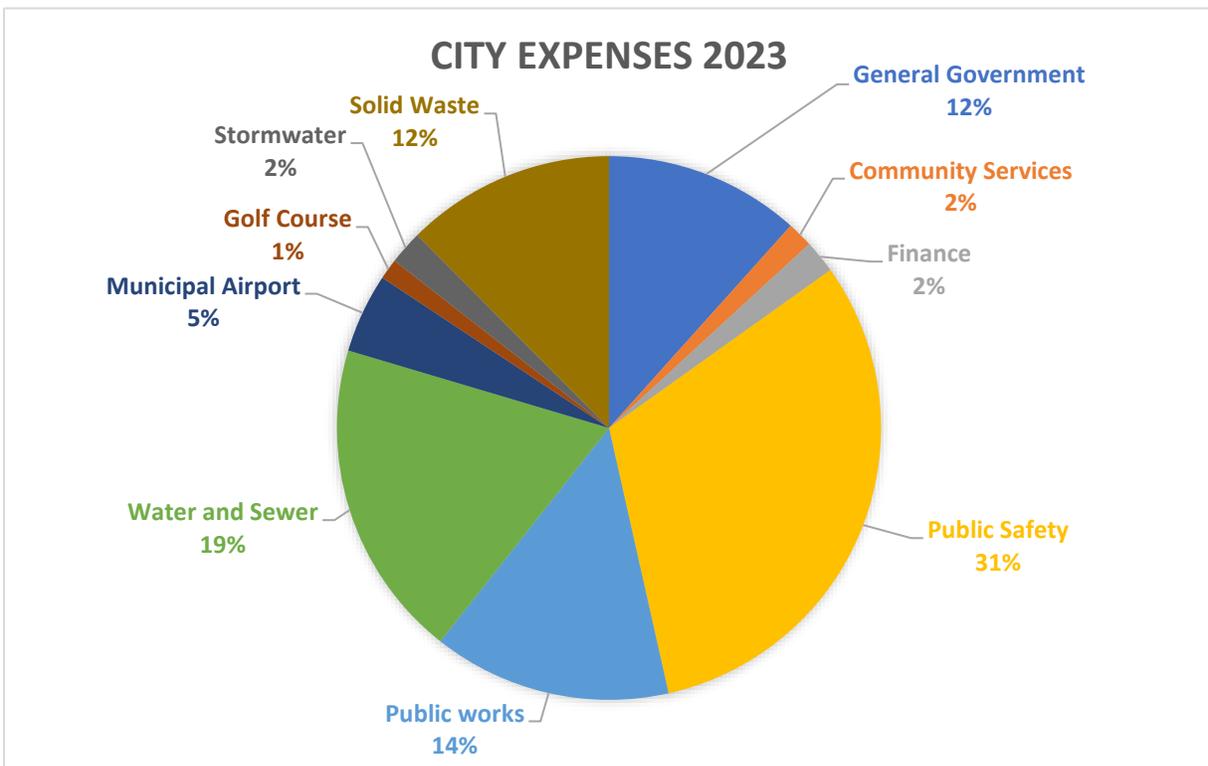
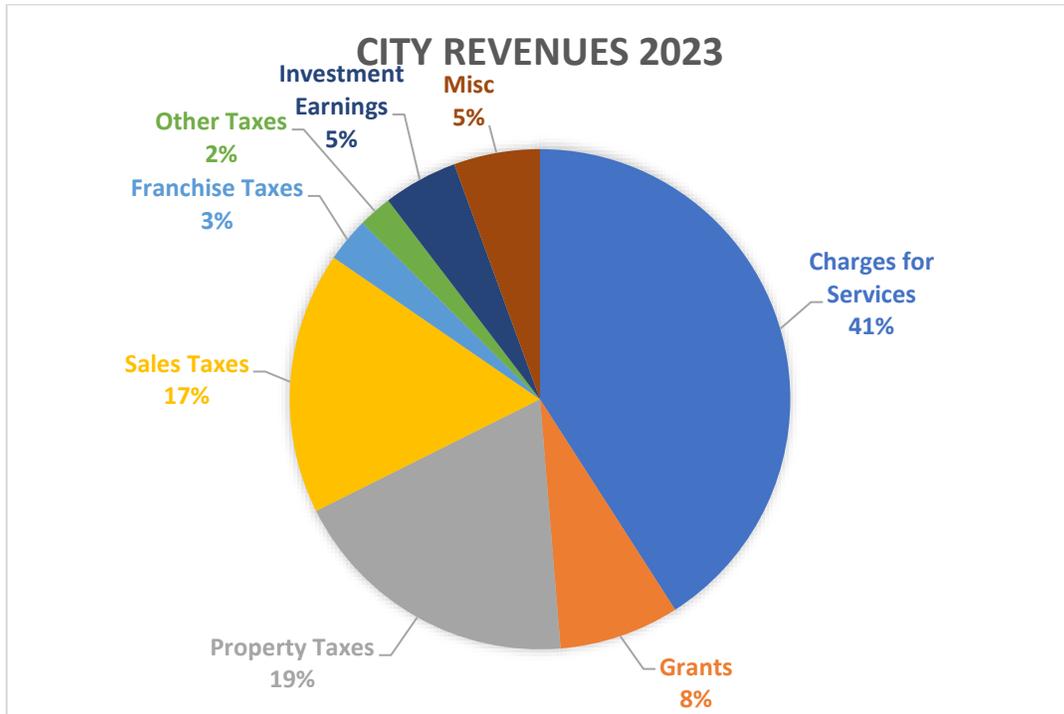
**CITY OF GAINESVILLE'S NET POSITION
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 48,424,971	\$ 36,449,588	\$ 14,995,856	\$ 14,483,837	\$ 63,420,827	\$ 50,933,425
Capital assets	33,517,347	31,871,748	68,013,585	53,302,008	101,530,932	85,173,756
Total assets	81,942,318	68,321,336	83,009,441	67,785,845	164,951,759	136,107,181
Total deferred outflows of resources	4,544,969	1,648,970	1,206,660	518,730	5,751,629	2,167,700
Long-term liabilities	25,527,969	21,033,619	42,532,974	22,717,682	68,060,943	43,751,301
Other liabilities	4,182,597	2,815,812	1,240,605	3,194,977	5,423,202	6,010,789
Total liabilities	29,710,566	23,849,431	43,773,579	25,912,659	73,484,145	49,762,090
Total deferred inflows of resources	241,411	2,537,600	60,585	552,862	301,996	3,090,462
Net position:						
Net investment in capital assets	32,222,234	21,516,926	29,492,448	33,754,078	61,714,682	55,271,004
Restricted	5,475,012	12,717,546	-	-	5,475,012	12,717,546
Unrestricted	18,838,064	9,348,803	10,889,489	8,084,976	29,727,553	17,433,779
Total net position	\$ 56,535,310	\$ 43,583,275	\$ 40,381,937	\$ 41,839,054	\$ 96,917,247	\$ 85,422,329

**CITY OF GAINESVILLE'S CHANGES IN NET POSITION
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,423,275	\$ 2,131,980	\$ 18,117,055	\$ 17,331,799	\$ 20,540,330	\$ 19,463,779
Operating grants & contributions	868,803	2,129,568	3,043,452	54,452	3,912,255	2,184,020
General revenues:						
Property taxes	9,602,325	9,041,592	-	-	9,602,325	9,041,592
Sales taxes	8,542,948	6,680,051	-	-	8,542,948	6,680,051
Franchise taxes	1,443,328	1,290,972	-	-	1,443,328	1,290,972
Other taxes	1,091,625	1,087,328	-	-	1,091,625	1,087,328
Investment earnings	1,899,212	229,576	524,249	87,174	2,423,461	316,750
Miscellaneous	1,706,963	1,283,623	1,096,661	251,095	2,803,624	1,534,718
Loss on disposal of property	-	-	-	-	-	-
Total revenues	27,578,479	23,874,690	22,781,417	17,724,520	50,359,896	41,599,210
Expenses:						
General government	2,676,396	2,646,847	-	-	2,676,396	2,646,847
Community services	532,066	451,724	-	-	532,066	451,724
Finance	684,628	542,531	-	-	684,628	542,531
Public safety	10,928,475	10,501,942	-	-	10,928,475	10,501,942
Public works	4,933,701	4,561,107	-	-	4,933,701	4,561,107
Additional Payments on pension liability	850,000	500,000	-	-	850,000	500,000
Bond issuance costs	-	122,002	-	-	-	122,002
Interest on long-term debt	531,333	325,791	-	-	531,333	325,791
Water and sewer	-	-	6,608,529	6,096,339	6,608,529	6,096,339
Municipal airport	-	-	1,646,827	1,773,743	1,646,827	1,773,743
Golf course	-	-	426,282	363,866	426,282	363,866
Stormwater	-	-	696,763	748,161	696,763	748,161
Solid waste	-	-	4,340,289	3,561,529	4,340,289	3,561,529
Total expenses	21,136,599	19,651,944	13,718,690	12,543,638	34,855,289	32,195,582
Increase in net position before transfers	6,441,880	4,222,746	9,062,727	5,180,882	15,504,607	9,403,628
Transfers	10,519,844	(883,057)	(10,519,844)	883,057	-	-
Change in net position	16,961,724	3,339,689	(1,457,117)	6,063,939	15,504,607	9,403,628
Net position - beginning of year	43,583,275	40,243,586	41,839,054	35,775,115	85,422,329	76,018,701
Prior period adjustment	(4,009,689)	-	-	-	(4,009,689)	-
Net position - end of year	\$ 56,535,310	\$ 43,583,275	\$ 40,381,937	\$ 41,839,054	\$ 96,917,247	\$ 85,422,329

The following graphs provide a summary of the operations for the year ended September 30, 2023:



The following key elements influenced the changes in net position from the prior year:

Revenues for FY 2022-2023 increased by \$8,760,686, or 21% in comparison to the prior year. The increase is primarily due to increases in property taxes, sales taxes, charges for services, operating grants and contributions. Water and sewer charges for services increased by \$785,256 over the prior year due to the growth within the City and increased usage of services. Operating grants and contributions increased by \$2,357,534 due to recognition of Airport Grant Improvements involving the completion of the City’s airport runway improvements with the Texas Department of Transportation.

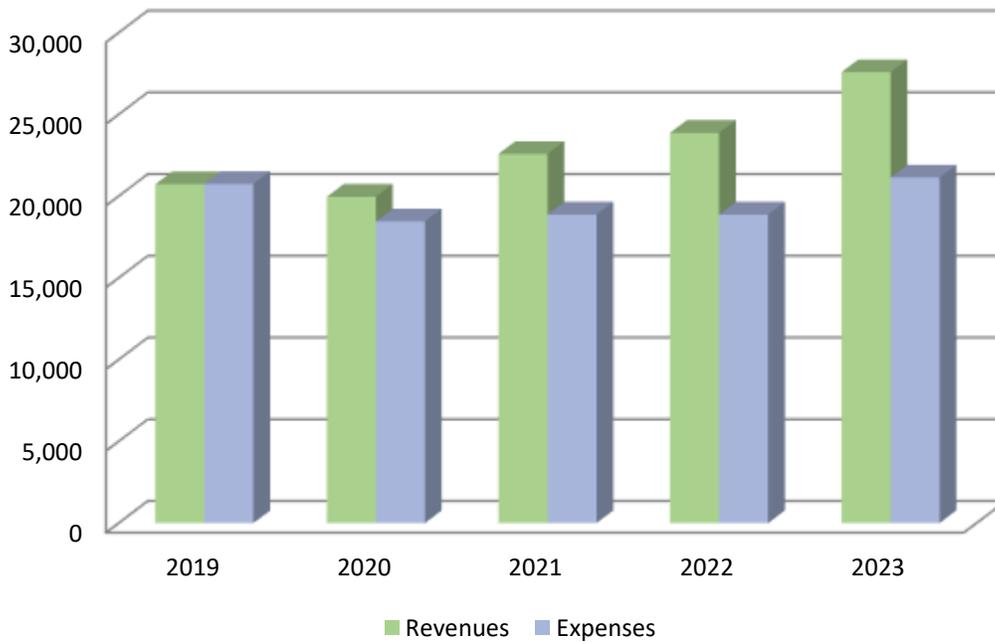
Governmental Activities

Governmental activities increased the City’s net position by \$16,961,724. The following factors contributed to this change:

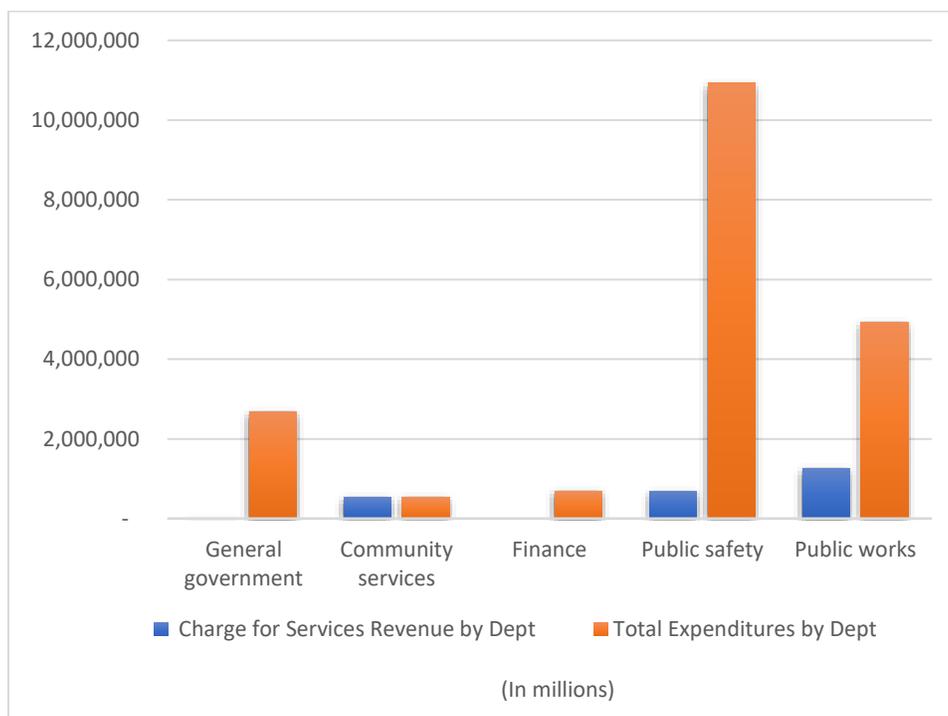
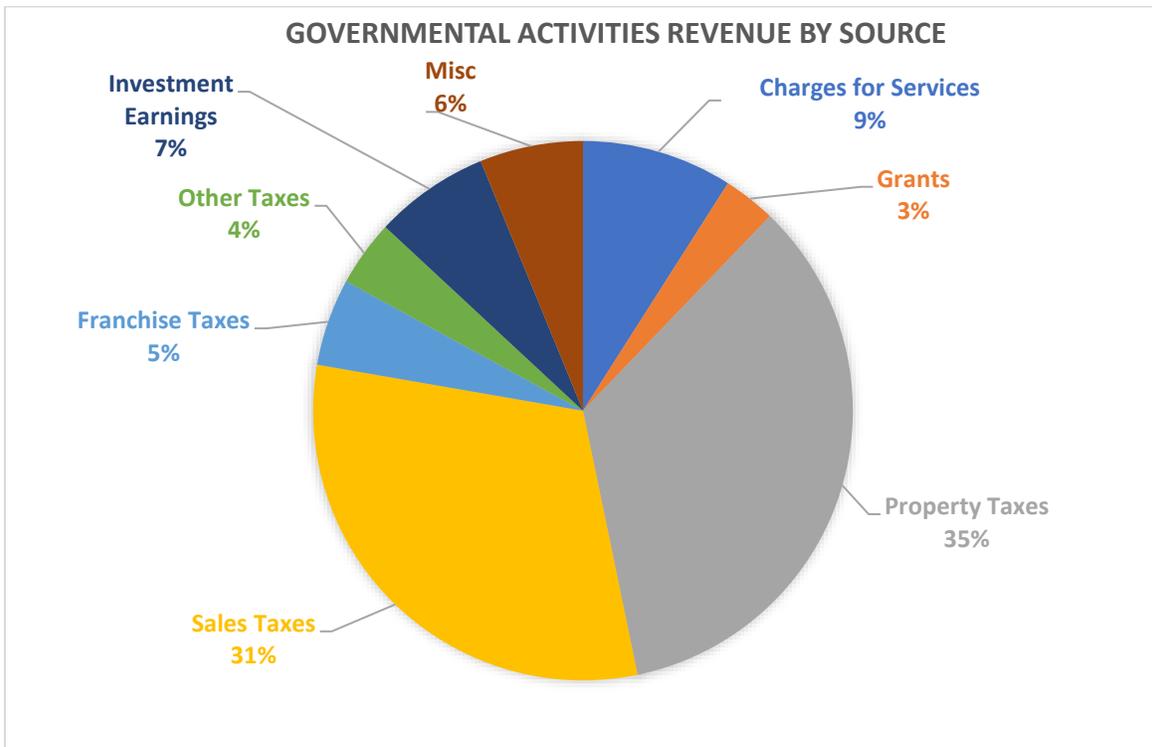
- Property and sales taxes increased by \$2,423,630, or 15% primarily due to increases in the City’s property tax base and economic development within the City.
- Operating grants and contributions decreased by (\$1,260,765) primarily due to decreased federal funding.
- Total governmental activity expenses increased by \$1,484,655 or 8%, during the year primarily due to the overall growth that the City has experienced. The largest functional areas affected by this growth was public safety with an increase of \$426,533 and public works with an increase of \$372,594.

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

Five Year History
(In Thousands)



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



Business-Type Activities

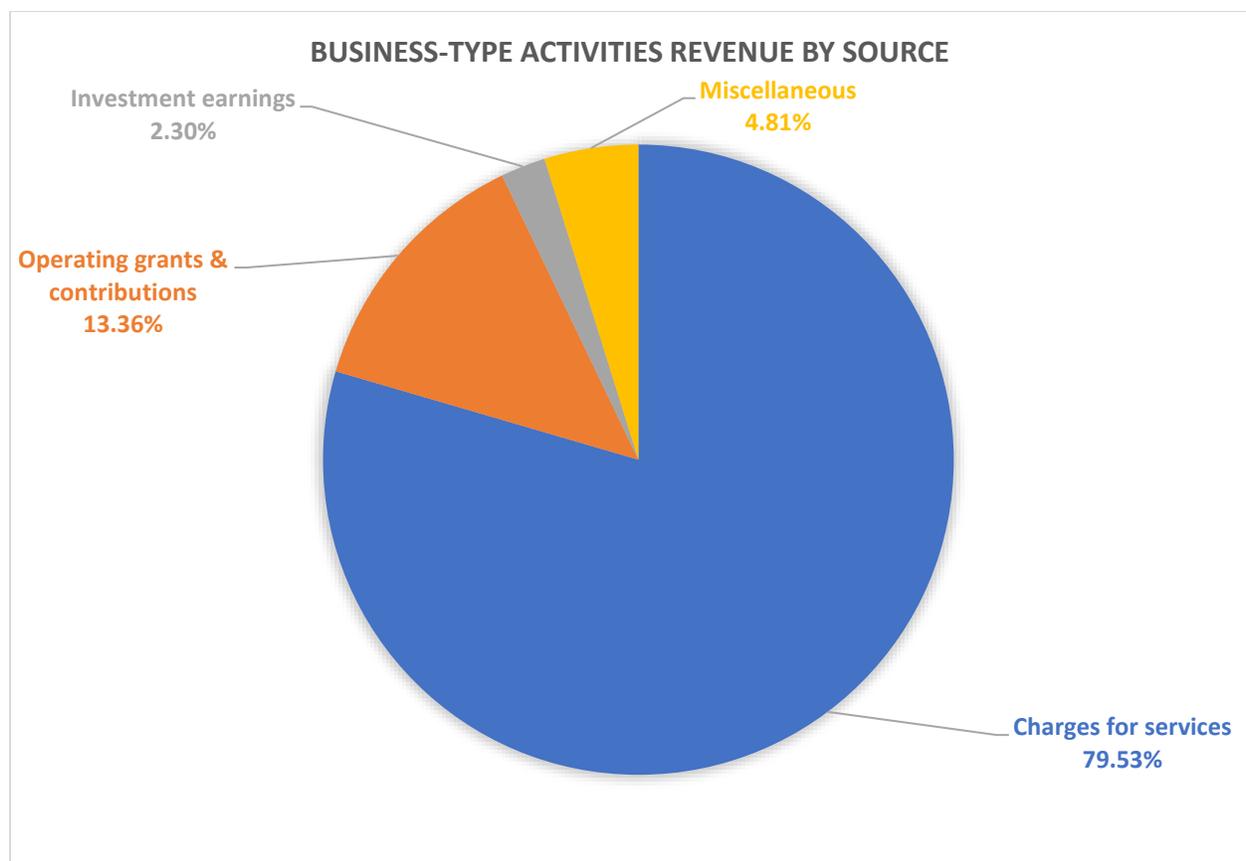
Business-type activities decreased the City’s net position by (\$1,457,117). The following factors contributed to this change:

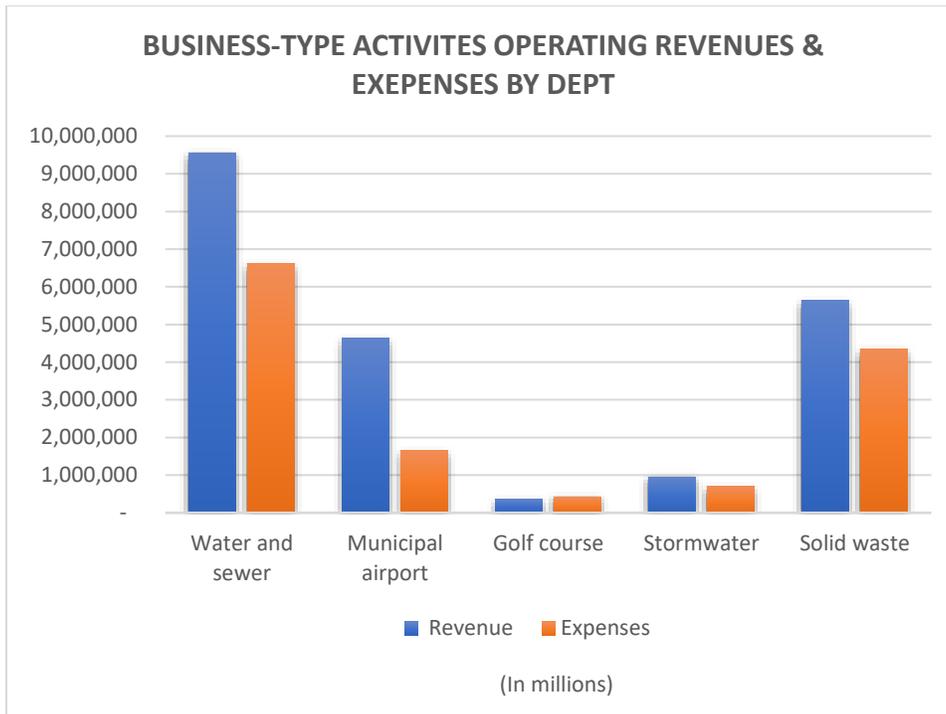
- Total revenues of the business-type activities increased by \$5,056,897 from the previous year. The largest contribution to this increase is due to an increase in charge for services of \$785,256 and operating grants and contributions of \$2,989,000.

- Charges and services increased by \$785,256 from the previous year due to an increase in water and sewer charges for service and increases in usage. Water and sewer expenses increased \$512,190 from the previous year due to increased maintenance costs, partially offset by a decrease in the amount paid on the City’s pension liability.
- Total operating revenues of the Solid Waste Fund increased \$412,941 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 of the Stormwater Fund decreased by (\$7,324) as the result of a decrease in charges for services from the previous year.
- The Municipal Airport Fund’s operating revenues decreased by (\$9,922) due to decreased fuel sales and capital grants revenue increased by \$2,924,059 due to the previously completed airport runway improvements.
- Total operating revenues at the golf course increased by \$88,478 primarily as the result of increased play.

As a result of the revenue and expense changes described above, three of the five of the City’s proprietary funds experienced increases in their respective net positions during the 2023 fiscal year. The net position of the Water and Sewer Fund decreased by \$5,551,656. The net position of the Municipal Airport Fund increased \$3,034,946. The Solid Waste Fund’s net position increased \$724,452. The Stormwater Fund’s net position increased \$335,900, and the net position of the Golf Fund decreased by \$759.

The following graphs depict current year revenues and expenses of business-type activities by source:





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 at the end of the fiscal year.

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$43,433,945, an increase of \$12,771,818 from the prior year. Most of the increase is due to continued growth and the City’s 2023 debt issuance in the amount of \$9 million. Of the current combined ending fund balance, \$1,813,922 is nonspendable due to inventory and the cemetery, \$19,141,889 is restricted for debt service, construction, grants, tourism and other city services, \$13,539,174 is assigned, and \$8,938,960 is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,961,794. Total unassigned fund balance of \$8,961,794 represents 177 days of total General Fund expenditures. The increase in fund balance is primarily due to growth in sales tax receipts.

The Assigned Projects Fund has a total fund balance of \$8,161,578; all of which is assigned for future projects. The change in fund balance is an increase of \$2,985,525, primarily due to a transfer in of \$5,416,557 from the General Fund.

The American Recovery Grant Fund has a total fund balance of \$208,852; all of which restricted for grants. The change in fund balance is an increase of \$197,118, primarily due to \$785,170 of intergovernmental revenues.

The 2022 CO Bonds Fund has a total fund balance of \$6,813,742, which is entirely restricted for construction. This capital projects fund had a decrease in fund balance of \$665,042, as the capital project is currently under construction and the assets acquired through the bond issue are utilized.

The 2023 CO Bonds Fund has a total fund balance of \$8,548,176, which is entirely restricted for construction. This capital projects fund had an increase in fund balance of \$8,548,176, which is related to the issuance of 71667, \$9,800,000 of bonds during the year for construction of capital assets.

Proprietary funds – The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Water and Sewer Fund is \$6,596,465; the Solid Waste Fund is \$2,367,716; Stormwater Utility Fund is \$1,104,313; Municipal Airport Fund is \$902,573; and the Golf Course Fund has an unrestricted net position of (\$81,578).

Business-type activities decreased the City's net position by (\$1,457,117). As noted previously, three out of the five of the City's proprietary funds saw an increase in net position for the 2023 fiscal year. Following are the key elements of these increases/decreases:

- The Water and Sewer Fund had a decrease in net position of (\$5,551,656), driven by a transfer out of \$11,104,471. The fund also had a decrease in its net investment in capital assets of \$7,581,160.
- The Solid Waste Fund increased its net position by \$724,452 and had an increase in net investment in capital assets of \$174,742, resulting from a project to expand and renovate the City's transfer station.
- The Stormwater Fund experienced an increase in net position of \$355,900, and its net investment in capital assets decreased by \$286,228, primarily due to depreciation.
- Net position of the City's municipal airport increased by \$3,034,946 as a result of the changes in its grant revenue from the Airport Improvements Grant previously noted.
- The Golf Course Fund's operating revenues increased over the prior year; its total net position decreased slightly by \$759. The chief reason for this small decrease was the increase in operating expenses coupled with less transfers made from the City's General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2023, the City budgeted an overall increase in the fund balance of the General Fund of \$133,559. During the year, however, actual General Fund revenues exceeded projections by \$1,821,641 and expenditures \$866,173 were less than what was budgeted. As a result, at the close of fiscal year 2023, the City Council approved an ordinance directing that any excess funds in the General Fund greater than the City's budgeted amount of \$200,000 be placed into the City's Assigned Projects Fund. Accordingly, as of September 30, 2023, more than \$5 million was transferred from the General Fund into the Assigned Projects Fund. 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 2023 were conservatively increased in the final budget by \$2,753,503. However, the actual revenue total at year-end was more than the final budget by \$1,821,641 as noted above. Actual revenue finished greater than the final budget mainly due to higher than budgeted sales taxes of \$7,650,000. In addition, ad valorem taxes \$185,796; franchise fees \$140,328; service charges \$115,675; beverage taxes \$5,846; licenses and permits \$94,247; fines and forfeitures \$92,253; investment income \$69,870; intergovernmental revenues \$12,936; and other income \$211,742 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 (pg 77). As noted above, actual total expenditures for fiscal year 2023 were less than the final budget by \$866,173.

The only General Fund departments over budget for the 2023 fiscal year were the City's civic center operations and central garage. The small \$318 budget overage on the civic center operations (pg 59) can be attributed to unexpected costs at the Santa Fe Depot. The \$2,610 budget overage for the central garage (pg 60) is primarily due to the timing of certain fuel and garage supplies purchased at the end of 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023 is \$101,530,932 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, vehicles, equipment, infrastructure, facilities, and right to use equipment.

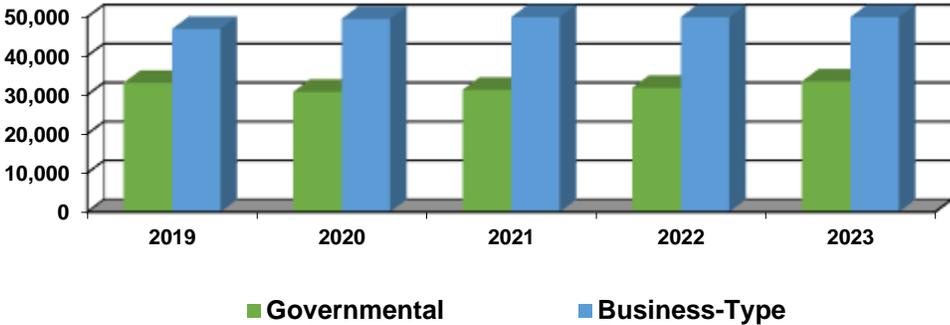
Major capital asset events during the current fiscal year included the following:

- The Solid Waste Fund has budgeted \$347,000 to complete the purchase of a new truck and long-haul trailer that was initiated in 2023.

- The Solid Waste Fund has also budgeted to spend \$327,535 to purchase an excavator track-hoe for use at the City’s transfer station facility.
- The Stormwater Utility Fund has budgeted to spend \$312,000 to purchase a street sweeper in 2024.
- As part of the City’s Street and Utility Maintenance Program (SUMP), \$1,041,000 has been budgeted from the Assigned Projects Fund in 2024 for street repairs and/or reconstruction.
- Total capital improvements at the Municipal Airport are projected at \$632,000 for the 2024 fiscal year. As noted previously, grant revenues of \$513,600 will be used to fund a portion of the improvements.
- The Water and Sewer Fund is projecting to spend approximately \$350,000 at the Moss Lake treatment facility for the replacement of filter media.
- The Water Production Division of the Water and Sewer Fund is projecting to spend slightly over \$245,000 in water tank improvements and the purchase of a new pickup truck.
- The Solid Waste Fund has also budgeted \$101,000 for residential and commercial replacement carts and metal refuse containers.
- The General Fund has budgeted to spend \$133,000 for the refurbishment or replacement of certain equipment items at the City’s Leonard Park Aquatic Center as well as the purchase of a new skid loader for the Parks and Recreation Department.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Government-wide capital assets:						
Land	\$ 5,187,046	\$ 5,187,046	\$ 7,720,918	\$ 7,689,865	\$ 12,907,964	\$ 12,876,911
Water Storage Rights	-	-	4,324,619	-	4,324,619	-
Buildings	12,464,389	12,464,389	18,806,029	18,806,029	31,270,418	31,270,418
Improvements	100,178,700	97,208,939	41,364,490	50,079,384	141,543,190	147,288,323
Machinery & Equipment	11,880,028	11,387,056	35,476,092	11,656,152	47,356,120	23,043,208
Construction in progress	1,362,824	1,560,297	7,033,574	4,579,023	8,396,398	6,139,320
Total capital assets	<u>131,072,987</u>	<u>127,807,727</u>	<u>114,725,722</u>	<u>92,810,453</u>	<u>245,798,709</u>	<u>220,618,180</u>
Less: accumulated depreciation	<u>(97,555,640)</u>	<u>(95,935,979)</u>	<u>(46,712,137)</u>	<u>(39,508,445)</u>	<u>(144,267,777)</u>	<u>(135,444,424)</u>
Government-wide capital assets, net	<u>\$ 33,517,347</u>	<u>\$ 31,871,748</u>	<u>\$ 68,013,585</u>	<u>\$ 53,302,008</u>	<u>\$ 101,530,932</u>	<u>\$ 85,173,756</u>

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



Additional information on the City’s capital assets can be found on pg 37 of the notes to the financial statements.

Long-term liabilities – At the end of the current fiscal year, the City had long-term liabilities outstanding of \$58,482,532. Of this amount, \$17,871,164 is in the City’s governmental activities and \$40,611,368 is in business-type activities.

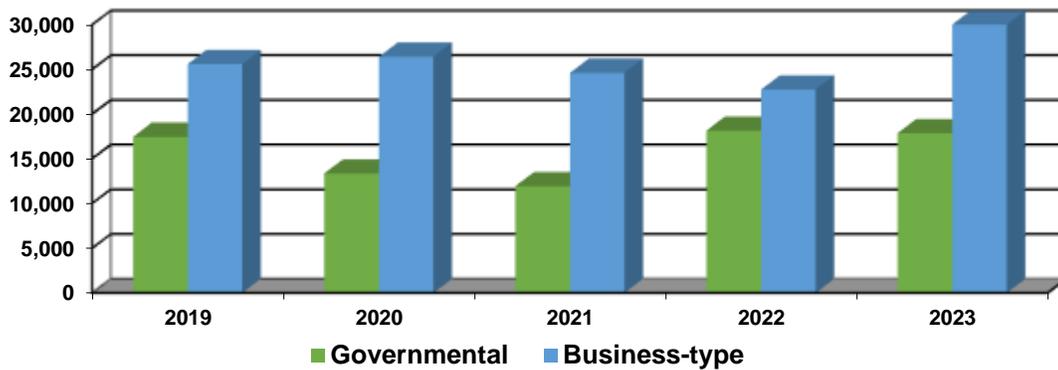
During fiscal year 2023, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2023, in the amount of \$9,160,000. The bond carries an interest rate between 3% and 4.25% and will mature in July 2043. Proceeds from the bonds will be used for acquiring, construction, improvements and land acquisition for the City’s various infrastructure related to its water and sewer system.

The City also during the fiscal year 2023 through its contractual obligation with GTUA issued a contract revenue bond Series 2022 in the amount of \$2,705,000. The bond carries an interest rate of 2.36% to 3.6% and will mature October 2042. Proceeds from this bond will be used for construction and infrastructure improvements for water transmission main replacements.

Total long-term liabilities consisted of the following:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Long-term liabilities:						
General obligation bonds	\$ 5,048,686	\$ 5,737,081	\$ 6,436,111	\$ 7,142,916	\$ 11,484,797	\$ 12,879,997
Certificates of obligation	10,792,490	11,152,558	22,942,509	14,752,441	33,734,999	25,904,999
Contract revenue bonds	-	-	8,730,040	6,853,040	8,730,040	6,853,040
Premium on bonds	1,044,756	847,575	1,572,784	846,176	2,617,540	1,693,751
Financing arrangements	-	634,383	-	-	-	634,383
Postclosure Landfill	-	-	801,899	750,407	801,899	750,407
Compensated absences	985,232	847,575	128,025	7,024	1,113,257	854,599
Total long-term liabilities	<u>\$ 17,871,164</u>	<u>\$ 19,219,172</u>	<u>\$ 40,611,368</u>	<u>\$ 30,352,004</u>	<u>\$ 58,482,532</u>	<u>\$ 49,571,176</u>

Outstanding Debt Five Year History (in thousands)



Additional information on the City’s long-term liabilities can be found on pg 45 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The continued focus of the City of Gainesville is to maintain unassigned fund balances that match the City’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 2024 budget will utilize the Assigned Projects Fund to pay approximately \$4 million in street and utilities capital maintenance costs.

The City’s demolition program continues to create open space for additional commercial and residential infill development. In Fiscal Year 2023, thirty (30) substandard structures were demolished and removed. Including demolitions prior to 2023, thirty-one (31) new construction permits were issued on infill lots out of a total of forty-five (45) construction permits. 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.

Continuation of residential construction in Black Hill Farms Phase I, Black Hill Farms Phase II, and infill developments resulted in forty-five (45) new residential construction permits during Fiscal Year 2023, as noted above. Additionally, Lackland Holdings recently completed a 105-lot residential subdivision, Liberty Pointe, on the east side of the City. Lackland has a total of 230 acres in the area and plans to develop a total of 946 residential lots. In the new 2024 fiscal year, thirty-four (34) single-family homes have been permitted at Liberty Pointe.

In 2023, two quadraplexes with a total value of \$1.05 million were permitted. The City is working with three apartment developers for large, high-density multifamily projects. Summa Terra has currently turned in plans to build 168 apartment units but has land sufficient enough to build a total of 756 units as the market allows. Furthermore, Winston Hospitality has received zoning to allow for the construction of 360 units on US Highway 51, west of the City's downtown area. Finally, GVD Construction has recently rezoned a tract of land in order to build a 222-unit apartment complex.

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 continues to place additional contracts for land in the area 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:

- Prosperity Bank demolished an existing structure and began construction on a new 5-lane commercial bank building at 201 E. California (\$2,500,000).
- Southern Tire Mart permitted a new facility for tire storage, distribution, and repair for vehicles, including large trucks, at 3728 N. Grand Avenue (\$5,500,000).
- GAF Materials Corporation completed construction of a chemical building located at 1301 Corporate (\$3,876,000).
- Gainesville Self Storage opened a facility for large equipment on FM1201 on the north side of the City (\$596,600).
- Waffle House completed construction on a new restaurant location at 1713 N. Highway I-35 (\$450,000).
- Trident added a new canopy and paint building to their location at 2300 N. Highway I-35 (\$315,000).
- Approximately thirty (30) commercial remodel projects were either started or completed during the 2023 fiscal year (\$3,490,000).

The City of Gainesville expects growth to continue in the upcoming 2024 year. With the ongoing widening project of Interstate 35; the location of Winstar Casino 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 2024 budget, the City has projected to collect \$6,248,000 in sales taxes, net of sales tax rebates. This amount is \$1,402,000 or 18.3% less than the final budgeted sales tax revenues for the most recently completed 2023 fiscal year. It should be noted that the City is currently in the process of repaying sales taxes it had received in error during the period from 2015 through to 2018 back to the Texas State Comptroller. The original amount of the sales tax error totaled \$731,445, and the amount yet to be repaid as of the close of 2023 was approximately \$500,000. Despite the repayment amounts made in 2023, the City's actual sales tax revenues for the 2023 fiscal year exceeded its final budget by \$892,948 or 11.7%.

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 \$0.6239 to \$0.5760 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 \$286,400 or 4.0% 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 \$9,774,901. This total is divided between the General Fund (\$7,440,547) and the Debt Service Fund (\$2,334,354).

Enterprise Funds

The City's enterprise funds are Water and Sewer; Solid Waste; Stormwater Drainage Utility; the Municipal Airport; and Golf. In total, revenues for the City's enterprise funds are projected to increase for Fiscal Year 2024 in comparison to the 2023 final budget by \$1,240,989 or 6.7%. Budgeted revenues for 2024 are projected to increase in all the City's enterprise funds. Additional information on each of the enterprise funds is presented in the following paragraphs.

Water and Sewer Fund

The new 2024 fiscal year revenues for the Water and Sewer Fund are budgeted to be \$10,295,366, or an increase of \$773,553 or 8.1% over the City's final budget of the 2023 fiscal year. Total transfers of \$1,304,471 are projected to be made to the General Fund to pay for 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 \$696,179 or 7.3% in Fiscal Year 2024, with increases projected for all divisions within the exceptions of Wastewater Collection and Wastewater Treatment. Fees charged to customers for Water and Sewer services will be increased by 4% for the upcoming 2024 fiscal year.

Solid Waste Fund

Revenues for the Solid Waste Fund have been budgeted to increase from the prior year's final budget by \$218,906 or 4.0% while expenses are expected to increase by \$57,930 or 1.0% primarily due to increases in machinery and equipment costs as well as fuel. Fees for this fund will increase by 4% in Fiscal Year 2024.

Airport Fund

The Municipal Airport's revenues for the new 2024 fiscal year are budgeted to increase by \$211,575 or 11.7% over the prior year's final budget. The fund's budgeted revenue includes \$513,600 in grant revenues for 2024, which by itself accounts for \$163,600 of the overall 2024 budget increase. The Municipal Airport's fuel sales have been conservatively projected to remain the same at \$1,228,500, the exact amount shown in the City's final budget for Fiscal Year 2023.

Fuel sales are the largest revenue source of the Municipal Airport Fund. During the most recently completed year, sales effectively rebounded back to their pre-pandemic level due to the City's location and airport operations. In 2023, the airport's fuel sales totaled \$1,392,356, which was \$163,856 or 13.3% over the City's 2023 final budget. It should also be noted that, as recently as 2022, the Gainesville Municipal Airport was selected as the Texas General Aviation Airport of the Year.

Other Funds

Stormwater Drainage's revenues for the upcoming 2024 fiscal year are budgeted to increase by \$10,834 or 0.8% over the City's 2023 final budget. The Golf Fund's revenues are also budgeted to decrease by \$26,121 or 6.1% compared to the final budget for Fiscal Year 2023. Total expenses for both funds are projected to increase in the new fiscal year. Expenses for the Stormwater Drainage Utility Fund are budgeted for an increase of \$159,294 or 12.4%, while expenses for the Golf Fund are projected to increase by \$27,937 or 6.7%. The more significant factors in these expense increases are an increase in capital expenditures for Stormwater Drainage totaling \$187,312 in 2023 and an increase in capital expenditures for the Golf Fund of \$12,000.

Additional Information

The Fiscal Year 2024 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.

The 2024 budget also includes a 13.26% match for employee retirement contributions, which is an increase of sixty-six (66) basis points or 5.2%, over the Fiscal Year 2023 rate. This contribution increase will fund the City's match for employee retirement contributions with the Texas Municipal Retirement System (TMRS) that are moving from 6% to 7% in 2024.

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 2024-2028 are projected to be \$62.55 million. Of this amount, recurring capital projects funded from the City's annual operating budgets total \$14.81 million. Nonrecurring projects amounting to \$47.74 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 2024 are the following:

- The Water and Sewer Fund is projecting to spend \$320,000 to purchase automated water meters, mains, and hydrants.
- Approximately \$1.2 million has been budgeted from the City's Assigned Projects Fund to purchase an upgraded 700 MHz radio system for use by both the Police Department and Fire Department.
- The Police Department has budgeted \$198,000 to complete the purchase of patrol vehicles ordered in 2023 and an additional \$249,000 for patrol vehicles during 2024.
- The Solid Waste Fund has budgeted \$347,000 to complete the purchase of a new truck and long-haul trailer that was initiated in 2023.
- The Solid Waste Fund has also budgeted to spend \$327,535 to purchase an excavator track-hoe for use at the City's transfer station facility.
- The Stormwater Utility Fund has budgeted to spend \$312,000 to purchase a street sweeper in 2024.
- As part of the City's Street and Utility Maintenance Program (SUMP), \$1,041,000 has been budgeted from the Assigned Projects Fund in 2024 for street repairs and/or reconstruction.
- Total capital improvements at the Municipal Airport are projected at \$632,000 for the 2024 fiscal year. As noted previously, grant revenues of \$513,600 will be used to fund a portion of the improvements.
- The Water and Sewer Fund is projecting to spend approximately \$350,000 at the Moss Lake treatment facility for the replacement of filter media.
- The Water Production Division of the Water and Sewer Fund is projecting to spend slightly over \$245,000 in water tank improvements and the purchase of a new pickup truck.
- The Solid Waste Fund has also budgeted \$101,000 for residential and commercial replacement carts and metal refuse containers.
- The General Fund has budgeted to spend \$133,000 for the refurbishment or replacement of certain equipment items at the City's Leonard Park Aquatic Center as well as the purchase of a new skid loader for the Parks and Recreation Department.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department at the following address: Director of Financial Services, 200 South Rusk, Gainesville, Texas 76522. Call 940-668-4500 or visit our website at <https://www.gainesville.tx.us/>.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF GAINESVILLE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 38,440,427	\$ 10,497,596	\$ 48,938,023	\$ 7,366,619
Receivables, net of allowance				
Taxes	1,676,419	5,077	1,681,496	288,028
Service	-	2,082,709	2,082,709	-
Other	1,215,736	744,429	1,960,165	12,885
Inventory	297	-	297	-
Prepaid	-	629,208	629,208	-
Restricted cash	7,092,092	1,036,837	8,128,929	-
Capital assets:				
Nondepreciable	6,549,870	19,079,111	25,628,981	810,129
Depreciable, net	<u>26,967,477</u>	<u>48,934,474</u>	<u>75,901,951</u>	<u>745,921</u>
Total Assets	<u>81,942,318</u>	<u>83,009,441</u>	<u>164,951,759</u>	<u>9,223,582</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	228,901	123,470	352,371	-
Deferred outflows - pensions	4,226,383	1,060,682	5,287,065	142,930
Deferred outflows - OPEB	<u>89,685</u>	<u>22,508</u>	<u>112,193</u>	<u>3,034</u>
Total deferred outflows of resources	<u>4,544,969</u>	<u>1,206,660</u>	<u>5,751,629</u>	<u>145,964</u>
LIABILITIES				
Accounts payable	1,137,856	593,521	1,731,377	88,221
Accrued expense	225,287	59,878	285,165	3,029
Accrued interest payable	118,584	294,699	413,283	-
Deposits	6,186	292,507	298,693	1,500
Unearned revenue	2,694,684	-	2,694,684	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	1,497,077	2,671,383	4,168,460	3,087
Due in more than one year:				
Long-term debt	16,374,087	37,939,985	54,314,072	7,203
Net pension liability - TMRS	7,154,439	1,795,528	8,949,967	241,952
Total OPEB liability	<u>502,366</u>	<u>126,078</u>	<u>628,444</u>	<u>16,990</u>
Total liabilities	<u>29,710,566</u>	<u>43,773,579</u>	<u>73,484,145</u>	<u>361,982</u>
DEFERRED INFLOWS OF RESOURCES				
RESOURCES				
Deferred inflows - OPEB	<u>241,411</u>	<u>60,585</u>	<u>301,996</u>	<u>8,165</u>
Total deferred inflows of resources	<u>241,411</u>	<u>60,585</u>	<u>301,996</u>	<u>8,165</u>
NET POSITION				
Net investment in capital assets	32,222,234	29,492,448	61,714,682	1,556,050
Restricted for:				
Debt service	1,750,065	-	1,750,065	-
Grants	208,852	-	208,852	-
Tourism & the Arts	1,354,736	-	1,354,736	-
Cemetery (nonspendable)	1,813,625	-	1,813,625	-
Public safety	347,734	-	347,734	-
Unrestricted	<u>18,838,064</u>	<u>10,889,489</u>	<u>29,727,553</u>	<u>7,443,349</u>
Total net position	<u>\$ 56,535,310</u>	<u>\$ 40,381,937</u>	<u>\$ 96,917,247</u>	<u>\$ 8,999,399</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GAINESVILLE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 2,676,396	\$ 12,559	\$ 83,633
Community development	532,066	532,375	-
Finance	684,628	-	-
Public safety	10,928,475	621,850	-
Public works	4,933,701	1,256,491	785,170
Additional payments on pension liability	850,000	-	-
Interest on long-term debt	531,333	-	-
Total governmental activities	<u>21,136,599</u>	<u>2,423,275</u>	<u>868,803</u>
Business-type activities:			
Water and sewer	6,608,529	9,562,464	-
Municipal airport	1,646,827	1,590,029	119,393
Golf course	426,282	363,492	-
Stormwater	696,763	957,875	-
Solid waste	4,340,289	5,643,195	-
Total business-type activities	<u>13,718,690</u>	<u>18,117,055</u>	<u>119,393</u>
Total primary government	<u>\$ 34,855,289</u>	<u>\$ 20,540,330</u>	<u>\$ 988,196</u>
Component unit:			
Economic development	<u>1,472,219</u>	-	<u>162,542</u>
Total component unit	<u>\$ 1,472,219</u>	<u>\$ -</u>	<u>\$ 162,542</u>

General Revenues:

Taxes:

Ad valorem

Sales

Franchise

Occupancy taxes

Mixed beverage taxes

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Beginning, restated

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position				Component Unit
	Primary Government			Total	
	Governmental Activities	Business-Type Activities			
\$ -	\$ (2,580,204)	\$ -	\$ (2,580,204)	\$ -	
-	309	-	309	-	
-	(684,628)	-	(684,628)	-	
-	(10,306,625)	-	(10,306,625)	-	
-	(2,892,040)	-	(2,892,040)	-	
-	(850,000)	-	(850,000)	-	
-	(531,333)	-	(531,333)	-	
-	(17,844,521)	-	(17,844,521)	-	
-	-	2,953,935	2,953,935	-	
2,924,059	-	2,986,654	2,986,654	-	
-	-	(62,790)	(62,790)	-	
-	-	261,112	261,112	-	
-	-	1,302,906	1,302,906	-	
2,924,059	-	7,441,817	7,441,817	-	
\$ 2,924,059	\$ (17,844,521)	\$ 7,441,817	\$ (10,402,704)	\$ -	
-	-	-	-	(1,309,677)	
\$ -	-	-	-	\$ (1,309,677)	
-	9,602,325	-	9,602,325	-	
-	8,542,948	-	8,542,948	1,735,381	
-	1,443,328	-	1,443,328	-	
-	1,049,779	-	1,049,779	-	
-	41,846	-	41,846	-	
-	1,899,212	524,249	2,423,461	227,792	
-	-	-	-	533,259	
-	1,706,963	1,096,661	2,803,624	373,835	
-	10,519,844	(10,519,844)	-	-	
-	34,806,245	(8,898,934)	25,907,311	2,870,267	
-	16,961,724	(1,457,117)	15,504,607	1,560,590	
-	43,583,275	41,839,054	85,422,329	7,544,775	
-	(4,009,689)	-	(4,009,689)	(105,966)	
-	39,573,586	41,839,054	81,412,640	7,438,809	
-	\$ 56,535,310	\$ 40,381,937	\$ 96,917,247	\$ 8,999,399	

CITY OF GAINESVILLE, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>General</u>	<u>Assigned Projects Fund</u>	<u>American Recovery Grant</u>
ASSETS			
Cash and cash equivalents	\$ 8,081,500	\$ 8,163,761	\$ 1,440,315
Receivables, net of allowance:			
Taxes	1,610,323	-	-
Other	1,132,363	-	-
Due from other funds	15,814	-	1,499,114
Inventory	297	-	-
Total assets	<u>10,840,297</u>	<u>8,163,761</u>	<u>2,939,429</u>
LIABILITIES			
Accounts payable	785,816	2,183	35,893
Accrued payroll & benefits	225,287	-	-
Unearned revenue	-	-	2,694,684
Due to other funds	-	-	-
Funds held for others	6,186	-	-
Total liabilities	<u>1,017,289</u>	<u>2,183</u>	<u>2,730,577</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	170,180	-	-
Deferred inflows - court fines	690,737	-	-
Total deferred inflows of resources	<u>860,917</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable for:			
Inventories	297	-	-
Cemetery	-	-	-
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Grants	-	-	208,852
Tourism and the arts	-	-	-
Other	-	-	-
Assigned for:			
Capital projects	-	-	-
Other	-	7,345,420	-
Unassigned	8,961,794	816,158	-
Total fund balances	<u>8,962,091</u>	<u>8,161,578</u>	<u>208,852</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,840,297</u>	<u>\$ 8,163,761</u>	<u>\$ 2,939,429</u>

The accompanying notes are an integral part of these financial statements.

2022 CO Bonds	2023 CO Bonds	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,092,092	\$ 10,047,290	\$ 10,707,561	\$ 45,532,519
-	-	66,096	1,676,419
-	-	83,373	1,215,736
-	-	-	1,514,928
-	-	-	297
<u>7,092,092</u>	<u>10,047,290</u>	<u>10,857,030</u>	<u>49,939,899</u>
278,350	-	35,614	1,137,856
-	-	-	225,287
-	-	-	2,694,684
-	1,499,114	15,814	1,514,928
-	-	-	6,186
<u>278,350</u>	<u>1,499,114</u>	<u>51,428</u>	<u>5,578,941</u>
-	-	66,096	236,276
-	-	-	690,737
-	-	66,096	927,013
-	-	-	297
-	-	1,813,625	1,813,625
-	-	1,868,649	1,868,649
6,813,742	8,548,176	-	15,361,918
-	-	-	208,852
-	-	1,354,736	1,354,736
-	-	347,734	347,734
-	-	4,081,733	4,081,733
-	-	1,295,863	8,641,283
-	-	(22,834)	9,755,118
<u>6,813,742</u>	<u>8,548,176</u>	<u>10,739,506</u>	<u>43,433,945</u>
\$ <u>7,092,092</u>	\$ <u>10,047,290</u>	\$ <u>10,857,030</u>	\$ <u>49,939,899</u>

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CITY OF GAVINESVILLE, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$ 43,433,945
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities not reported in the funds.	33,517,347
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are therefore deferred in the funds:	
Property taxes	236,276
Court fines and fees	690,737
Accrued bond interest is not due and payable in the current period and therefore is not reported in the funds:	(118,584)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(15,841,176)
Bond premium	(1,044,756)
Compensated absences	(985,232)
Included in the items related to long-term liabilities is the recognition of the City's net pension liabilities and the total OPEB liability, as well as the related deferred inflows and outflows of resources.	
Long-term liabilities:	
Net pension liability	(7,154,439)
Total OPEB liability	(502,366)
Deferred outflows of resources:	
Outflows related to loss on refunding	228,901
Outflows related to pensions	4,226,383
Outflows related to OPEB	89,685
Deferred inflows of resources:	
Inflows related OPEB	<u>(241,411)</u>
Net position of governmental activities	<u>\$ 56,535,310</u>

CITY OF GAINESVILLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Assigned Projects Fund</u>	<u>American Recovery Grant</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 7,339,943	\$ -	\$ -
Sales taxes	8,542,948	-	-
Franchise tax	1,443,328	-	-
Occupancy tax	-	-	-
Mixed beverage tax	41,846	-	-
Charges for services	1,245,875	-	-
License & Permits	532,375	-	-
Fines and forfeitures	450,053	-	-
Investment income	619,870	179,792	123,874
Intergovernmental revenues	28,071	-	785,170
Other income	<u>1,005,010</u>	<u>-</u>	<u>-</u>
Total revenues	<u>21,249,319</u>	<u>179,792</u>	<u>909,044</u>
EXPENDITURES			
Current:			
General government	1,953,445	60,374	-
Community development	557,351	-	-
Finance	659,648	-	-
Public safety	10,978,323	-	-
Public works	3,985,371	-	-
Additional payments on pension liability	-	850,000	-
Capital outlay	378,783	109,734	-
Debt service:			
Principal	-	136,615	-
Interest and fiscal charges	-	5,246	-
Bond issuance costs and fees	-	-	-
Total expenditures	<u>18,512,921</u>	<u>1,161,969</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	2,736,398	(982,177)	909,044
OTHER FINANCING SOURCES (USES)			
Transfers in	2,967,726	5,416,557	-
Transfers out	<u>(5,504,124)</u>	<u>(1,448,855)</u>	<u>(711,926)</u>
Total other financing sources (uses)	<u>(2,536,398)</u>	<u>3,967,702</u>	<u>(711,926)</u>
NET CHANGE IN FUND BALANCES	200,000	2,985,525	197,118
FUND BALANCES - BEGINNING	<u>9,291,926</u>	<u>5,176,053</u>	<u>3,491,588</u>
PRIOR PERIOD - ADJUSTMENT	<u>(529,835)</u>	<u>-</u>	<u>(3,479,854)</u>
FUND BALANCES - ENDING	<u>\$ 8,962,091</u>	<u>\$ 8,161,578</u>	<u>\$ 208,852</u>

The accompanying notes are an integral part of these financial statements.

2022 CO Bonds	2023 CO Bonds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,209,198	\$ 9,549,141
-	-	-	8,542,948
-	-	-	1,443,328
-	-	1,049,779	1,049,779
-	-	-	41,846
-	-	10,616	1,256,491
-	-	12,559	544,934
-	-	40,179	490,232
332,801	247,290	395,585	1,899,212
-	-	55,562	868,803
-	-	701,953	1,706,963
<u>332,801</u>	<u>247,290</u>	<u>4,475,431</u>	<u>27,393,677</u>
-	-	715,220	2,729,039
-	-	-	557,351
-	-	69,357	729,005
-	-	50,500	11,028,823
-	-	3,350	3,988,721
-	-	-	850,000
997,843	-	1,972,530	3,458,890
-	-	1,048,463	1,185,078
-	-	609,106	614,352
-	-	444	444
<u>997,843</u>	<u>-</u>	<u>4,468,970</u>	<u>25,141,703</u>
(665,042)	247,290	6,461	2,251,974
-	9,800,000	3,055,729	21,240,012
-	(1,499,114)	(1,556,149)	(10,720,168)
-	<u>8,300,886</u>	<u>1,499,580</u>	<u>10,519,844</u>
(665,042)	8,548,176	1,506,041	12,771,818
<u>7,478,784</u>	<u>-</u>	<u>9,233,465</u>	<u>34,671,816</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,009,689)</u>
<u>\$ 6,813,742</u>	<u>\$ 8,548,176</u>	<u>\$ 10,739,506</u>	<u>\$ 43,433,945</u>

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CITY OF GAINESVILLE, TEXAS

**RECONCILIATION OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 12,771,818

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay 3,431,364
Depreciation and adjustments (1,785,765)

Revenues in the statement of activities that do not provide current financial resources are reported as revenues in the funds.

Unavailable tax revenue 53,184
Unavailable municipal court revenue 131,618

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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond principal payments 1,048,463
Financing arrangement payments 136,615

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of premiums and deferred loss on refunding 30,217
Pension cost 1,221,104
OPEB cost 7,961
Compensated absences (137,657)
Accrued interest 52,802

Change in net position of governmental activities. \$ 16,961,724

CITY OF GAINESVILLE, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Business-type Activities		
	Water and Sewer	Municipal Airport	Solid Waste
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,300,339	\$ 961,598	\$ 3,198,492
Receivables, net of allowance			
Service	1,196,981	23,692	737,012
Taxes	-	-	5,077
Other	744,429	-	-
Prepaid	<u>629,208</u>	<u>-</u>	<u>-</u>
Total current assets	<u>7,870,957</u>	<u>985,290</u>	<u>3,940,581</u>
Noncurrent assets:			
Restricted cash	-	-	1,036,837
Non-depreciable capital assets	6,286,176	206,702	5,217,587
Depreciable capital assets, net	<u>32,059,891</u>	<u>4,884,116</u>	<u>2,309,437</u>
Total noncurrent assets	<u>38,346,067</u>	<u>5,090,818</u>	<u>8,563,861</u>
Total assets	<u>46,217,024</u>	<u>6,076,108</u>	<u>12,504,442</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	42,446	2,944	32,034
Deferred outflows - pensions	565,787	53,037	348,398
Deferred outflows - OPEB	<u>12,006</u>	<u>1,126</u>	<u>7,392</u>
Total deferred outflows of resources	<u>620,239</u>	<u>57,107</u>	<u>387,824</u>
LIABILITIES			
Current liabilities:			
Accounts payable	146,756	30,187	393,110
Accrued expense	32,193	2,945	19,873
Interest payable	269,733	47	11,529
Customer deposits	284,812	-	7,695
Current portion of long-term liabilities:			
Compensated absences	18,437	1,376	13,040
Bonds payable	<u>2,025,098</u>	<u>3,429</u>	<u>178,442</u>
Total current liabilities	<u>2,777,029</u>	<u>37,984</u>	<u>623,689</u>
Noncurrent liabilities:			
Compensated absences	43,018	3,211	30,426
Bonds payable	30,765,848	10,465	2,740,700
Postclosure care costs payable	-	-	801,899
Net pension liability	957,766	89,781	589,771
Total OPEB liability	<u>67,252</u>	<u>6,304</u>	<u>41,412</u>
Total noncurrent liabilities	<u>31,833,884</u>	<u>109,761</u>	<u>4,204,208</u>
Total liabilities	<u>34,610,913</u>	<u>147,745</u>	<u>4,827,897</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB	<u>32,318</u>	<u>3,029</u>	<u>19,900</u>
Total deferred inflows of resources	<u>32,318</u>	<u>3,029</u>	<u>19,900</u>
NET POSITION			
Net investment in capital assets	5,597,567	5,079,868	5,676,753
Unrestricted	<u>6,596,465</u>	<u>902,573</u>	<u>2,367,716</u>
Total net position	<u>\$ 12,194,032</u>	<u>\$ 5,982,441</u>	<u>\$ 8,044,469</u>

The accompanying notes are an integral part of these financial statements.

Business-type Activities

Stormwater	Golf Course	Total
\$ 1,032,154	\$ 5,013	\$ 10,497,596
125,024	-	2,082,709
-	-	5,077
-	-	744,429
-	-	629,208
<u>1,157,178</u>	<u>5,013</u>	<u>13,959,019</u>
-	-	1,036,837
7,338,590	30,056	19,079,111
<u>9,534,050</u>	<u>146,980</u>	<u>48,934,474</u>
<u>16,872,640</u>	<u>177,036</u>	<u>69,050,422</u>
<u>18,029,818</u>	<u>182,049</u>	<u>83,009,441</u>
42,800	3,246	123,470
27,852	65,608	1,060,682
<u>591</u>	<u>1,393</u>	<u>22,508</u>
<u>71,243</u>	<u>70,247</u>	<u>1,206,660</u>
9,242	14,226	593,521
986	3,881	59,878
13,365	25	294,699
-	-	292,507
1,700	3,856	38,409
<u>424,143</u>	<u>1,862</u>	<u>2,632,974</u>
<u>449,436</u>	<u>23,850</u>	<u>3,911,988</u>
3,965	8,996	89,616
3,525,775	5,682	37,048,470
-	-	801,899
47,148	111,062	1,795,528
<u>3,311</u>	<u>7,799</u>	<u>126,078</u>
<u>3,580,199</u>	<u>133,539</u>	<u>39,861,591</u>
<u>4,029,635</u>	<u>157,389</u>	<u>43,773,579</u>
<u>1,591</u>	<u>3,747</u>	<u>60,585</u>
<u>1,591</u>	<u>3,747</u>	<u>60,585</u>
12,965,522	172,738	29,492,448
<u>1,104,313</u>	<u>(81,578)</u>	<u>10,889,489</u>
<u>\$ 14,069,835</u>	<u>\$ 91,160</u>	<u>\$ 40,381,937</u>

CITY OF GAINESVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities		
	Water and Sewer	Municipal Airport	Solid Waste
OPERATING REVENUES			
Charges for services	\$ 9,562,464	\$ 1,590,029	\$ 5,643,195
Other income	860,078	7,495	206,181
Total operating revenues	<u>10,422,542</u>	<u>1,597,524</u>	<u>5,849,376</u>
OPERATING EXPENSES			
Salaries and benefits	1,924,418	178,721	1,262,799
Supplies, materials, repair and maintenance	1,046,977	1,269,171	967,869
Heat, light and power	502,314	22,481	12,706
Other	644,163	45,617	1,698,786
Depreciation	1,560,475	130,435	239,673
Total operating expenses	<u>5,678,347</u>	<u>1,646,425</u>	<u>4,181,833</u>
Operating income (loss)	<u>4,744,195</u>	<u>(48,901)</u>	<u>1,667,543</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	237,536	37,017	204,301
Grant revenue	-	3,043,452	-
Loss on disposal of property	-	-	(65,723)
Interest and other charges	(930,182)	(402)	(92,733)
Total non-operating revenues (expenses)	<u>(692,646)</u>	<u>3,080,067</u>	<u>45,845</u>
Income (loss) before transfers	<u>4,051,549</u>	<u>3,031,166</u>	<u>1,713,388</u>
TRANSFERS			
Transfers in	1,501,266	3,780	-
Transfers out	(11,104,471)	-	(988,936)
Total transfers	<u>(9,603,205)</u>	<u>3,780</u>	<u>(988,936)</u>
CHANGE IN NET POSITION	<u>(5,551,656)</u>	<u>3,034,946</u>	<u>724,452</u>
NET POSITION - BEGINNING	<u>17,745,688</u>	<u>2,947,495</u>	<u>7,320,017</u>
NET POSITION - ENDING	<u>\$ 12,194,032</u>	<u>\$ 5,982,441</u>	<u>\$ 8,044,469</u>

The accompanying notes are an integral part of these financial statements.

Business-type Activities

<u>Stormwater</u>	<u>Golf Course</u>	<u>Total</u>
\$ 957,875	\$ 363,492	\$ 18,117,055
<u>-</u>	<u>22,907</u>	<u>1,096,661</u>
<u>957,875</u>	<u>386,399</u>	<u>19,213,716</u>
100,707	266,701	3,733,346
40,889	76,305	3,401,211
-	11,517	549,018
46,236	61,953	2,496,755
<u>401,894</u>	<u>9,458</u>	<u>2,341,935</u>
<u>589,726</u>	<u>425,934</u>	<u>12,522,265</u>
<u>368,149</u>	<u>(39,535)</u>	<u>6,691,451</u>
44,637	758	524,249
-	-	3,043,452
-	-	(65,723)
<u>(107,037)</u>	<u>(348)</u>	<u>(1,130,702)</u>
<u>(62,400)</u>	<u>410</u>	<u>2,371,276</u>
<u>305,749</u>	<u>(39,125)</u>	<u>9,062,727</u>
238,352	38,366	1,781,764
<u>(208,201)</u>	<u>-</u>	<u>(12,301,608)</u>
<u>30,151</u>	<u>38,366</u>	<u>(10,519,844)</u>
<u>335,900</u>	<u>(759)</u>	<u>(1,457,117)</u>
<u>13,733,935</u>	<u>91,919</u>	<u>41,839,054</u>
<u>\$ 14,069,835</u>	<u>\$ 91,160</u>	<u>\$ 40,381,937</u>

CITY OF GAINESVILLE, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities		
	Water and Sewer	Municipal Airport	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 9,474,564	\$ 1,586,621	\$ 5,731,848
Cash payment to suppliers	(2,196,287)	(1,304,916)	(3,091,597)
Cash payments to employees	(2,017,133)	(186,341)	(1,254,987)
Net cash provided by operating activities	5,261,144	95,364	1,385,264
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	-	119,393	-
Cash received from other funds	1,501,266	3,780	-
Cash paid to other funds	(11,104,471)	-	(988,936)
Net cash provided (used) by noncapital financing activities	(9,603,205)	123,173	(988,936)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(4,868,801)	(11,281)	(2,326,061)
Principal paid on long-term debt	(2,545,827)	(3,347)	(173,152)
Proceeds from debt issuance	12,703,461	-	-
Interest and fiscal charges	(615,930)	(433)	(92,966)
Net cash provided (used) by capital and related financing activities	4,672,903	(15,061)	(2,592,179)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	237,536	37,017	204,301
Net cash provided by (used in) investing activities	237,536	37,017	204,301
Net (decrease) increase in cash and cash equivalents	568,378	240,493	(1,991,550)
Cash and cash equivalents at beginning of year	4,731,961	721,105	6,226,879
Cash and cash equivalents at end of year	5,300,339	961,598	4,235,329
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	4,744,195	(48,901)	1,667,543
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,560,475	130,435	239,673
Decrease (increase) in accounts receivable	(950,162)	(10,903)	(118,698)
Decrease (increase) in deferred outflows NPL/OPEB	(363,101)	(36,582)	(244,928)
Increase (decrease) in accounts payable	(2,833)	27,072	(463,727)
Increase (decrease) in accrued expense	(31,016)	-	34,004
Increase (decrease) in NPL/OPEB	549,629	57,156	385,703
Increase (decrease) in deferred inflows NPL/OPEB	(279,569)	(22,511)	(141,151)
Increase (decrease) in compensated absences	31,342	(402)	25,675
Increase (decrease) in customer deposits	2,184	-	1,170
Net cash provided by operating activities	\$ 5,261,144	\$ 95,364	\$ 1,385,264

The accompanying notes are an integral part of these financial statements.

Business-type Activities

Stormwater	Golf Course	Total
\$ 932,859	\$ 386,399	\$ 18,112,291
(79,607)	(140,966)	(6,813,373)
<u>(110,455)</u>	<u>(273,910)</u>	<u>(3,842,826)</u>
<u>742,797</u>	<u>(28,477)</u>	<u>7,456,092</u>
-	-	119,393
238,352	38,366	1,781,764
<u>(208,201)</u>	<u>-</u>	<u>(12,301,608)</u>
<u>30,151</u>	<u>38,366</u>	<u>(10,400,451)</u>
(276,473)	(68,837)	(7,551,453)
(327,301)	(1,818)	(3,051,445)
-	-	12,703,461
<u>(192,856)</u>	<u>(236)</u>	<u>(902,421)</u>
<u>(796,630)</u>	<u>(70,891)</u>	<u>1,198,142</u>
44,637	758	524,249
<u>44,637</u>	<u>758</u>	<u>524,249</u>
20,955	(60,244)	(1,221,968)
<u>1,011,199</u>	<u>65,257</u>	<u>12,756,401</u>
<u>1,032,154</u>	<u>5,013</u>	<u>11,534,433</u>
368,149	(39,535)	6,691,451
401,894	9,458	2,341,935
(25,016)	-	(1,104,779)
(15,412)	(42,595)	(702,618)
7,518	3,309	(428,661)
(2,658)	-	330
21,606	64,818	1,078,912
(17,338)	(31,708)	(492,277)
4,054	7,776	68,445
-	-	3,354
<u>\$ 742,797</u>	<u>\$ (28,477)</u>	<u>\$ 7,456,092</u>

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**NOTES TO THE
FINANCIAL STATEMENTS**

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CITY OF GAINESVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. 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.
- 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 Unit

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:

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.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a certain legally separate *component unit* for which the primary government is financially accountable.

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, 2022 to September 30, 2023. 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 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:

General Fund - is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund.

Assigned Project 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.

American Recovery Grant Fund - is used to account for proceeds related to the American Rescue Plan grant. Expenditures are limited to allowable costs in accordance with grant guidelines.

2022 CO Bond 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.

2023 CO Bond Fund - is used to account for the proceeds of the 2023 Certificates of Obligation. Expenditures are limited to projects set forth in the planning documents for this debt issuance.

The City reports the following nonmajor fund types:

Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - account for financial resources to be used for the acquisition and construction of major capital facilities.

The City reports the following major proprietary funds:

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 post-closure care costs.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

D. 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.

E. Receivables

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, 2023, 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.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category.

Items reported are the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

H. Capital Assets

Capital assets (i.e., land, buildings, equipment, improvements other than buildings, and construction in progress) of all funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. An item is classified as an asset if the initial, individual cost is \$15,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method. The estimated useful lives of all depreciable assets are as follows:

<u>Asset Type</u>	<u>Number of Years</u>
Buildings, systems, and improvements	15-30
Machinery, vehicles and other equipment	3-15
Furniture and fixtures	3-10
Infrastructure	25-100

I. Compensated Absences

It is the City’s policy to permit employees to accumulate earned unused vacation and sick pay benefits. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

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

1-4 year	10 days per year
5-14 years	15 days per year
15 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

J. Pension

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 TMRS’s 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.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Position and Fund Balance

In the government-wide and proprietary fund financial statements, the City reports restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any unspent proceeds from capital-related debt issuances. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance categorized as follows:

Nonspendable fund balance includes amounts that are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined and approved by passage of a formal resolution of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. In accordance with the City Charter, an amount equal to twenty percent of total general fund expenditures has been identified as committed for a contingency reserve.

Assigned fund balance includes amounts intended to be used by the City for specific purposes. Pursuant to Ordinance 2011-50, the City Council designated the City Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. The City's financial goal is to achieve and maintain an unassigned fund balance in the General Fund equal to twenty-five percent of budgeted expenditures but may be reduced down to ten percent in unusual financial circumstances with a corrective five-year plan to restore the fund balance back to twenty-five percent.

Unassigned fund balance is the residual classification of the General Fund and includes all amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

M. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Property Taxes

On January 1 of each year, a tax lien is attached to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property taxes are then levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which levied. The majority of the taxes are collected between October 1 and January 31. Delinquent property taxes receivable are not considered available if they are not collected within 60 days after the close of the City's fiscal year.

Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

N. Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation expense, which is based on the estimated useful lives of the underlying depreciable assets, the allowance for doubtful accounts receivable, and the net pension liability and total OPEB liability and the related expenses, which are based on various actuarial assumptions.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City's fiscal year begins 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 revised budget, is legally enacted by the City Council through passage of an ordinance prior to October 1 each year.

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

Excess of Expenditures over Appropriations

General Fund:		
Civic center operations	\$	318
Central Garage		2,610
Nonmajor Governmental Funds:		
Municipal Court Juvenile Case Manager		440
Municipal Court Security		313
State Seizure Fund		31,801

III. DEPOSITS AND INVESTMENTS

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal bonds, managed public fund investment pools, and certificates of deposit.

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as TexPool, and Texas Short-term Reserve Fund ("TexStar") such as through which political subdivisions and other entities may invest public funds.

TexPool and TexStar have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The City's cash and investments are classified as: cash and cash equivalents and restricted cash. The cash and cash equivalents include cash on hand and deposits with financial institutions. The restricted cash and investments are assets restricted for specific use.

The City's investments for the year ended September 30, 2023, were as follows:

Cash				
Cash on Hand				\$ 5,750
Cash Equivalents - TexStar & TexPool				54,472,978
Cash in Banks				9,954,843
Total Cash and Cash Equivalents				<u>\$ 64,433,571</u>

	Governmental Activities	Business Activities	Component Unit	Total
Cash and Cash Equivalents	\$ 38,440,427	\$ 10,497,596	\$ 7,366,619	\$ 56,304,642
Restricted Cash and Cash Equivalents	7,092,092	1,036,837	-	8,128,929
Totals	<u>\$ 45,532,519</u>	<u>\$ 11,534,433</u>	<u>\$ 7,366,619</u>	<u>\$ 64,433,571</u>

As of September 30, 2023, all of the City's deposits were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Credit risk – In conformance with the City's investment policy, the City has limited credit risk by investing in only the safest type of securities as allowed by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest rate risk – The City, in compliance with its investment policy, invests in short-term securities to protect market valuation from unanticipated rate movements. In addition, the City will not directly invest in securities maturing more than five years from the date of purchase.

Concentration of credit risk – The City uses two local government investment pools and brokered certificates of deposit to diversify risk.

Custodial credit risk – The City requires all bank deposits to be collateralized at a level not less than 102% of the total deposits. At September 30, 2023, the carrying value of the City's bank deposits was entirely covered by federal depository insurance or by collateral held by the agent in the City's name.

At September 30, 2023, the carrying value of GEDC's (a discretely presented component unit) bank deposits was entirely covered by federal depository insurances or by collateral held by the agency in GEDC's name.

IV. RECEIVABLES

The City's receivables as of September 30, 2023 consisted of the following:

	Governmental Activities		
	General	Nonmajor	Total
	Fund	Funds	
Property Taxes	\$ 197,538	\$ -	\$ 197,538
Sales Taxes	1,440,142	66,096	1,506,238
Other Local Fees	-	83,373	83,373
Franchise Fees	72,358	-	72,358
Court Warrants	1,987,605	-	1,987,605
Other	<u>46,452</u>	<u>-</u>	<u>46,452</u>
	\$ 3,744,095	\$ 149,469	\$ 3,893,564
Allowance for Uncollectible	<u>(1,001,409)</u>	<u>-</u>	<u>(1,001,409)</u>
Net receivables	<u>\$ 2,742,686</u>	<u>\$ 149,469</u>	<u>\$ 2,892,155</u>

	Proprietary Fund				Total
	Water and Sewer	Municipal Airport	Solid Waste	Stormwater Utility	
Service Receivables	\$ 1,199,409	\$ 23,692	\$ 744,113	\$ 125,316	\$ 2,092,530
Other	<u>744,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>744,429</u>
	\$ 1,943,838	\$ 23,692	\$ 744,113	\$ 125,316	\$ 2,836,959
Allowance for Uncollectible	<u>(2,428)</u>	<u>-</u>	<u>(2,024)</u>	<u>(292)</u>	<u>(4,744)</u>
Net receivables	<u>\$ 1,941,410</u>	<u>\$ 23,692</u>	<u>\$ 742,089</u>	<u>\$ 125,024</u>	<u>\$ 2,832,215</u>

V. COMMITMENTS

GEDC Commitments

GEDC entered into an incentive agreement with various companies in Gainesville to promote economic development. Under these agreements, the GEDC has agreed to pay annual amounts to individual companies if the companies meet certain requirements by a specified date. The Commitments as of the year ended September 30, 2023 are as follows:

<u>Purpose</u>	<u>Commitment</u>	<u>Expended to Date</u>	<u>Balance of Commitment</u>
Project Commitments			
BIG Program	\$ 125,000	\$ 73,730	\$ 51,270
HDJT Grant	150,000	150,000	-
Marching USA - PA	88,000	-	88,000
Tractor Bobs	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total	763,000	223,730	539,270
Annual Commitments			
NCTC Scholarship	\$ 6,000	\$ -	\$ 6,000
Summer Sounds	2,500	2,500	-
Business Education for Teachers	2,000	1,500	500
NTMC Nursing Recruitment	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Total	46,500	4,000	42,500
Total Commitments	<u>\$ 809,500</u>	<u>\$ 227,730</u>	<u>\$ 581,770</u>

VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,187,046	\$ -	\$ -	\$ 5,187,046
Construction in progress	<u>1,560,297</u>	<u>1,100,940</u>	<u>(1,298,413)</u>	<u>1,362,824</u>
Total capital assets not being depreciated	<u>6,747,343</u>	<u>1,100,940</u>	<u>(1,298,413)</u>	<u>6,549,870</u>
Capital assets being depreciated:				
Buildings	12,464,389	-	-	12,464,389
Improvements	97,208,939	2,969,761	-	100,178,700
Motorized Vehicles	7,787,270	470,137	(151,998)	8,409,405
Machinery & Equipment	2,758,039	114,150	-	2,872,189
Office Equip, Furniture & Fixture	<u>841,747</u>	<u>83,345</u>	<u>(22,662)</u>	<u>947,754</u>
Total assets being depreciated	<u>121,060,384</u>	<u>3,637,393</u>	<u>(174,660)</u>	<u>124,872,437</u>
Less accumulated depreciation for:				
Buildings	(8,442,284)	(320,455)	-	(8,762,739)
Improvements	(80,337,325)	(976,511)	-	(81,313,836)
Motorized Vehicles	(4,502,276)	(301,838)	173,177	(4,630,937)
Machinery & Equipment	(1,919,130)	(161,639)	-	(2,080,769)
Office Equip, Furniture & Fixture	<u>(734,964)</u>	<u>(55,057)</u>	<u>22,662</u>	<u>(767,359)</u>
Total accumulated depreciation	<u>(95,935,979)</u>	<u>(1,815,500)</u>	<u>195,839</u>	<u>(97,555,640)</u>
Total capital assets being depreciated, net	<u>25,124,405</u>	<u>1,821,893</u>	<u>21,179</u>	<u>26,967,477</u>
Governmental activities capital assets, net	<u>\$ 31,871,748</u>	<u>\$ 2,922,833</u>	<u>\$ (1,277,234)</u>	<u>\$ 33,517,347</u>

Depreciation was charged to the governmental funds as follows:

Governmental activities:

General Government	\$ 61,602
Public Safety	632,382
Public Works	<u>1,121,516</u>
Total depreciation expense - governmental funds	<u>\$ 1,815,500</u>

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,720,918	\$ -	\$ -	\$ 7,720,918
Water Storage Rights	4,324,619	-	-	4,324,619
Construction in progress	<u>4,579,023</u>	<u>2,904,798</u>	<u>(450,247)</u>	<u>7,033,574</u>
Total capital assets, not being depreciated	<u>16,624,560</u>	<u>2,904,798</u>	<u>(450,247)</u>	<u>19,079,111</u>
Capital assets being depreciated:				
Buildings	18,806,029	-	-	18,806,029
Improvements	37,732,547	3,631,943	-	41,364,490
Motorized Vehicles	6,978,121	1,077,793	(237,599)	7,818,315
Machinery & Equipment	4,314,346	679,185	-	4,993,531
Office Equip, Furniture & Fixture	363,685	-	-	363,685
Plant in Svc Water	15,233,221	291,567	-	15,524,788
Plant in Svc Sewer	<u>6,442,773</u>	<u>333,000</u>	<u>-</u>	<u>6,775,773</u>
Total assets being depreciated	<u>89,870,722</u>	<u>6,013,488</u>	<u>(237,599)</u>	<u>95,646,611</u>
Less accumulated depreciation for:				
Buildings	(3,685,330)	(344,309)	-	(4,029,639)
Improvements	(16,380,208)	(1,174,834)	-	(17,555,042)
Motorized Vehicles	(4,401,266)	(306,287)	(1,295)	(4,708,848)
Machinery & Equipment	(3,372,311)	(161,714)	-	(3,534,025)
Office Equip, Furniture & Fixture	(259,308)	(13,666)	-	(272,974)
Plant in Svc Water	(11,244,243)	(285,759)	-	(11,530,002)
Plant in Svc Sewer	<u>(5,026,241)</u>	<u>(55,366)</u>	<u>-</u>	<u>(5,081,607)</u>
Total accumulated depreciation	<u>(44,368,907)</u>	<u>(2,341,935)</u>	<u>(1,295)</u>	<u>(46,712,137)</u>
Total capital assets being depreciated, net	<u>45,501,815</u>	<u>3,671,553</u>	<u>(238,894)</u>	<u>48,934,474</u>
Business-type activities capital assets, net	<u>\$ 62,126,375</u>	<u>\$ 6,576,351</u>	<u>\$ (689,141)</u>	<u>\$ 68,013,585</u>

Depreciation was charged to the business-type activities as follows:

Business-type activities:

Water and Sewer	\$ 1,560,475
Solid Waste	239,673
Stormwater	401,894
Airport	130,435
Golf Course	<u>9,458</u>
Total depreciation expense - business-type activities	<u>\$ 2,341,935</u>

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Component unit				
Capital assets, not being depreciated:				
Land	\$ 1,404,032	\$ -	\$ (593,903)	\$ 810,129
Total capital assets, not being depreciated	<u>1,404,032</u>	<u>-</u>	<u>(593,903)</u>	<u>810,129</u>
Capital assets being depreciated:				
Buildings	1,975,114	-	-	1,975,114
Improvements	1,845,978	-	(1,770,978)	75,000
Office, Machine & Equipment	47,532	-	-	47,532
Total assets being depreciated	<u>3,868,624</u>	<u>-</u>	<u>(1,770,978)</u>	<u>2,097,646</u>
Less accumulated depreciation for:				
Buildings	(1,253,411)	(65,837)	-	(1,319,248)
Improvements	(310,248)	(48,267)	337,547	(20,968)
Office, Machine & Equipment	(2,311)	(9,198)	-	(11,509)
Total accumulated depreciation	<u>(1,565,970)</u>	<u>(123,302)</u>	<u>337,547</u>	<u>(1,351,725)</u>
Total capital assets being depreciated, net	<u>2,302,654</u>	<u>(123,302)</u>	<u>(1,433,431)</u>	<u>745,921</u>
Component unit capital assets, net	<u>\$ 3,706,686</u>	<u>\$ (123,302)</u>	<u>\$ (2,027,334)</u>	<u>\$ 1,556,050</u>

Depreciation was charged to the component-unit activities as follows:

<u>Component unit:</u>	
Economic Development	\$ <u>123,302</u>
Total depreciation expense - component-unit activities	\$ <u>123,302</u>

VII. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

The majority of interfund transfers are due to the following:

- The General Fund transferred \$5,365,750 to the Assigned Project Fund in accordance with the ordinance approving the Budget, which required all excess revenues over \$200,000 to be transferred to the Assigned Project Fund.
- The ARPA Fund transferred \$2,211,040 to Non-Major Governmental Funds as well as the Water and Sewer Fund in order to pay for projects in each of the funds.
- The Water and Sewer Funds transferred \$9,800,000 to Non-Major Governmental Funds (Southern Sewer Line Improvement Fund) in order to create a multi-year construction project fund for the Southern Sewer Line.
- The Water and Sewer Fund and Solid Waste Fund transferred \$2,263,407 to the General Fund in order to reimburse the General Fund for administrative costs and pay franchise fees that are required for all utilities utilizing the City rights-of-way.

Interfund transfers made during the fiscal year were as follows:

	Transfers Out		Transfers In					Total
	General Fund	Assigned Projects	Nonmajor Governmental	Water & Sewer	Airport	Storm Water	Nonmajor Enter.	
General Fund	\$ -	\$ 5,365,750	\$ 105,060	\$ -	\$ -	\$ -	\$ 33,314	\$ 5,504,124
Assigned Projects	-	-	1,448,855	-	-	-	-	1,448,855
Municipal Court Security	-	-	2,700	-	-	-	-	2,700
Hotel/Motel	421,118	50,000	-	-	-	-	3,000	474,118
Juvenile Case Manager	13,000	-	-	-	-	-	-	13,000
Hospital Demolition	-	807	-	-	-	-	-	807
PID Liberty Pointe	-	-	-	9,763	-	-	-	9,763
Foundry Road	-	-	-	65,944	-	-	-	65,944
Sewer Line Improvement	-	-	-	385,500	-	-	-	385,500
ARPA	-	-	1,499,114	711,926	-	-	-	2,211,040
Debt Service	-	-	-	328,133	3,780	238,352	2,052	572,317
Cemetery	32,000	-	-	-	-	-	-	32,000
Water and Sewer	1,304,471	-	9,800,000	-	-	-	-	11,104,471
Solid Waste	988,936	-	-	-	-	-	-	988,936
Stormwater	208,201	-	-	-	-	-	-	208,201
Total	\$ 2,967,726	\$ 5,416,557	\$ 12,855,729	\$ 1,501,266	\$ 3,780	\$ 238,352	\$ 38,366	\$ 23,021,776

VIII. LONG-TERM LIABILITIES

During fiscal year 2023, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2023, in the amount of \$9,160,000. The bond carries an interest rate between 3% and 4.25% and will mature in July 2043. Proceeds from the bonds will be used for acquiring, construction, improvements and land acquisition for the City's various infrastructure related to its water and sewer system.

The City also during the fiscal year 2023 through its contractual obligation with GTUA issued a contract revenue bond Series 2022 in the amount of \$2,705,000. The bond carries an interest rate of 2.36% to 3.6% and will mature in October 2042. Proceeds from this bond will be used for construction and infrastructure improvements for water transmission main replacements.

Changes in the City's long-term liabilities for the year ended September 30, 2023 are as follows:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,737,081	\$ -	\$ (688,395)	\$ 5,048,686	\$ 714,540
Certificates of obligation	11,152,558	-	(360,068)	10,792,490	486,967
Bond premium on issuance	1,121,175	-	(76,419)	1,044,756	-
Financing arrangement	136,615	-	(136,615)	-	-
Compensated absences	847,575	237,494	(99,837)	985,232	295,570
Total governmental activities	18,995,004	237,494	(1,361,334)	17,871,164	1,497,077
Business-type activities:					
General obligation bonds	7,142,916	-	(706,805)	6,436,111	730,461
Certificates of obligation	14,752,441	9,160,000	(969,932)	22,942,509	1,128,033
Contract Revenue Bonds	6,853,040	2,705,000	(828,000)	8,730,040	774,480
Bonds premium on issuance	846,176	838,458	(111,850)	1,572,784	-
Post closure care costs - Landfill	750,407	51,492	-	801,899	-
Compensated absences	119,161	22,178	(13,314)	128,025	38,409
Total business-type activities	30,464,141	12,777,128	(2,629,901)	40,611,368	2,671,383
Total primary government	49,459,145	13,014,622	(3,991,235)	58,482,532	4,168,460
Component unit:					
Bonds	660,920	-	(660,920)	-	-
Compensated absences	7,024	3,592	(326)	10,290	3,087
Total component unit	\$ 667,944	\$ 3,592	\$ (661,246)	\$ 10,290	\$ 3,087

Compensated absences of the governmental activities and business-type activities are paid for by the General Fund and Water and Sewer, Municipal Airport, Solid Waste, Stormwater and Golf Course Funds, respectively. Direct financing arrangements are secured by a underlying asset. In the event of a default, the lender may demand immediate payment or take possession of the asset.

Long-term debt at the end of the year comprised of the following:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
<u>Governmental Activities</u>				
Certificates of Obligation				
Combination Tax and Limited Surplus Certificates of Obligation, Series 2012	\$ 514,500	2.00%-3.5%	2032	\$ 469,500
Combination Tax and Limited Surplus Certificates of Obligation, Series 2018	3,458,058	3.00%-3.4%	2038	3,287,990
Combination Tax and Limited Surplus Certificates of Obligation, Series 2022	7,180,000	2.00%-5.00%	2042	<u>7,035,000</u>
Total certificates of obligation				<u>\$ 10,792,490</u>
General Obligation Bonds:				
General Obligation Bond Series 2012	\$ 2,422,557	2.00% - 3.00%	2024	<u>\$ 111,053</u>
General Refunding Bonds:				
General Obligation Refunding Bonds, Series 2014	\$ 4,765,000	3.50-4.00%	2034	\$ 1,193,400
General Obligation Refunding Bonds, Series 2016	9,215,000	2.25%-4.00%	2036	2,074,763
General Obligation Refunding Bonds, Series 2017	1,801,007	4.00%	2028	717,720
General Obligation Refunding Bonds, Series 2020	2,975,000	1.01%	2030	<u>951,750</u>
Total General Refunding Bonds				<u>4,937,633</u>
Total bonded debt - governmental activities				<u>\$ 15,841,176</u>

<u>Enterprise Activities</u>	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
Certificates of Obligation				
Combination Tax and Limited Surplus Certificates of Obligation, Series 2012	\$ 400,500	2.00%-3.5%	2032	\$ 234,750
Combination Tax and Limited Surplus Certificates of Obligation, Series 2012	1,468,500	2.00%-3.5%	2032	860,750
Combination Tax and Limited Surplus Certificates of Obligation, Series 2013	5,730,000	4.00%-2.75%	2033	3,360,000
Combination Tax and Limited Surplus Certificates of Obligation, Series 2015	9,215,000	4.00%-2.75%	2035	6,525,000
Combination Tax and Limited Surplus Certificates of Obligation, Series 2018	3,400,140	3.00%-3.4%	2038	2,802,009
Combination Tax and Limited Surplus Certificates of Obligation, Series 2023	9,160,000			<u>9,160,000</u>
Total certificates of obligation				<u>\$ 22,942,509</u>
General Obligation Bonds:				
General Obligation Bond Series 2012	522,443	2.00% - 3.00%	2024	\$ <u>23,949</u>
General Refunding Bonds:				
General Obligation Refunding Bonds, Series 2014	\$ 1,467,000	3.50-4.00%	3034	\$ 1,101,600
General Obligation Refunding Bonds, Series 2014	1,018,750	3.50-4.00%	3034	765,000
General Obligation Refunding Bonds, Series 2016	433,257	2.25%-4.00%	2036	1,091,666
General Obligation Refunding Bonds, Series 2016	72,009	2.25%-4.00%	2036	10,777
General Obligation Refunding Bonds, Series 2016	347,750	2.25%-4.00%	2036	1,161,085
General Obligation Refunding Bonds, Series 2016	607,079	2.25%-4.00%	2036	90,856
General Obligation Refunding Bonds, Series 2016	39,102	2.25%-4.00%	2036	5,852
General Obligation Refunding Bonds, Series 2017	1,191,663	3.00%-3.4%	3028	581,508
General Obligation Refunding Bonds, Series 2017	905,320	4.00%	3028	440,568
General Obligation Refunding Bonds, Series 2020	773,500	1.01%	2030	549,900
General Obligation Refunding Bonds, Series 2020	862,750	1.01%	2030	<u>613,350</u>
Total General Refunding Bonds				<u>\$ 6,412,162</u>
Contract Revenue Bonds - GTUA:				
Contract Revenue Bond Series 2010	\$ 4,585,680	4.13%	2030	\$ 1,850,040
Contract Revenue Bond Series 2011	4,100,000	.021%-2.587%	2031	2,365,000
Contract Revenue Bond Series 2011-A	2,000,000	.174%-2.822%	2031	1,185,000
Contract Revenue Bond Series 2012	1,135,000	.140%-1.860%	2032	625,000
Contract Revenue Bond Series 2022	2,705,000	2.36%-3.60%	2042	<u>2,705,000</u>
Total Contract Revenue Bond				<u>\$ 8,730,040</u>
Total bonded debt - Enterprise activities				<u>\$ 38,108,660</u>

The annual debt service requirements to the maturity for long-term debt outstanding as of September 30, 2023, are as follows:

Year Ended September 30,	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 714,540	\$ 125,682	\$ 730,461	\$ 164,362
2025	620,394	106,445	724,606	144,415
2026	641,613	90,528	748,387	126,095
2027	495,873	78,041	679,127	109,912
2028	510,383	67,103	699,617	94,424
2029-2033	1,500,812	200,624	2,084,013	281,442
2034-2038	<u>565,071</u>	<u>23,880</u>	<u>769,900</u>	<u>31,748</u>
Total	<u>\$ 5,048,686</u>	<u>\$ 692,303</u>	<u>\$ 6,436,111</u>	<u>\$ 952,398</u>

Year Ended September 30,	Certificates of Obligation			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 486,967	\$ 338,341	\$ 1,128,033	\$ 1,020,349
2025	503,868	321,004	1,336,134	815,055
2026	515,766	306,651	1,379,235	770,807
2027	532,665	288,737	1,427,336	724,189
2028	555,763	266,587	1,380,737	675,126
2029-2033	3,063,699	979,620	8,056,301	2,547,234
2034-2038	2,776,960	510,509	4,526,534	1,237,120
2039-2043	<u>2,356,802</u>	<u>129,744</u>	<u>3,708,199</u>	<u>401,872</u>
Total	<u>\$ 10,792,490</u>	<u>\$ 3,141,193</u>	<u>\$ 22,942,509</u>	<u>\$ 8,191,752</u>

Year Ended September 30,	Contract Revenue Bonds	
	Component Unit	
	Principal	Interest
2024	\$ 774,480	\$ 220,316
2025	790,960	204,067
2026	812,440	186,694
2027	828,920	168,188
2028	850,400	148,773
2029-2033	3,097,840	440,844
2034-2038	765,000	202,093
2039-2043	<u>810,000</u>	<u>73,875</u>
Total	<u>\$ 8,730,040</u>	<u>\$ 1,644,850</u>

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require 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 cost of \$1,075,000 was 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, 2023 was \$801,899. The change in postclosure care costs liability for the fiscal year ended September 30, 2023 was an increase of \$51,492.

Contractual Obligations

Greater Texoma Utility Authority

Included in amounts reported as City's long-term debt are obligations entered into with the Greater Texoma Utility Authority (GTUA). Under the terms of the long-term water supply and sewer service contracts, GTUA uses bonded debt to finance and manage the construction of water and sewer infrastructure that is used by the City in operations. In turn, GTUA is granted an undivided ownership interest in the constructed assets equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA bonds. The City is then obligated to make payments to GTUA sufficient to fund:

1. The principal and interest on GTUA's bonds;
2. The maintenance of a reserve fund for the security and payment of GTUA's bonds;
3. The administrative and overhead expenses of GTUA directly attributable to the bonds; and
4. Any extraordinary expenses incurred by GTUA in connection with the bonds.

These agreements are in effect for each related GTUA bond project and remain in effect until that bond has been paid in full, is retired, and is no longer outstanding. At that time, GTUA's ownership interest in the facilities terminates.

As part of the City's obligation to GTUA, the City covenants that it will charge water fees sufficient to cover the debt service each year using operating funds. For the year ended September 30, 2023, operating revenues of the water sewer fund were \$10.4 million, and the required payments made to GTUA under these agreements were \$885 thousand.

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. During the year ended September 30, 2023, the City paid \$291,049.

IX. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for 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 is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

Benefits Provided

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

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

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 150% of the employee's accumulated contributions and are only payable in the form of an annuity.

Employee deposit rate	6%
Matching ratio (City to employee)	1.5 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating transfers
Annual increase to retirees	70% of CIP, repeating

Employees Covered by Benefit Terms

At the December 31, 2022, valuation and measurement date, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to but not yet receiving benefits	151
Active employees	<u>214</u>
Total	<u><u>519</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the municipal matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the municipality. Under the state law governing TMRS, the contribution rate for each municipality is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 11.71% and 10.65% in the calendar years 2022 and 2023, respectively. The City elected contribution rate was 12.16% and 12.21% in calendar years 2022 and 2023, respectively. The City’s contributions to TMRS for the year ended September 30, 2023, were \$2,553,119, including \$1,028,736 additional contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are 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 table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality table. 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 is used with a 4-year set-forward for males and a 3-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 on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The 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 in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.55%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

The City's net pension liability is generally liquidated by the General Fund, proprietary funds, and the component unit. As of September 30, 2023, the City reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2021	\$ 55,671,079	\$ 52,108,262	\$ 3,562,817
Changes for the year:			
Service cost	1,500,492	-	1,500,492
Interest	3,724,334	-	3,724,334
Difference between expected and actual experience	139,443	-	139,443
Change in assumptions	-	-	-
Contributions - employer	-	2,976,487	(2,976,487)
Contributions - employee	-	798,874	(798,874)
Net investment income	-	(3,804,604)	3,804,604
Benefit payments, including refunds of employee contributions	(2,492,007)	(2,492,007)	-
Administrative expense	-	(32,915)	32,915
Other changes	-	39,277	(39,277)
Net changes	<u>2,872,262</u>	<u>(2,514,888)</u>	<u>5,387,150</u>
Balance at 12/31/2022	<u>\$ 58,543,341</u>	<u>\$ 49,593,374</u>	<u>\$ 8,949,967</u>

At September 30, 2023, the Component Unit reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2021	\$ 1,505,002	\$ 1,408,685	\$ 96,317
Changes for the year:			
Service cost	40,564	-	40,564
Interest	100,683	-	100,683
Difference between expected and actual experience	3,770	-	3,770
Change in assumptions	-	-	-
Contributions - employer	-	80,466	(80,466)
Contributions - employee	-	21,597	(21,597)
Net investment income	-	(102,853)	102,853
Benefit payments, including refunds of employee contributions	(67,368)	(67,368)	-
Administrative expense	-	(890)	890
Other changes	-	1,062	(1,062)
Net changes	<u>77,649</u>	<u>(67,986)</u>	<u>145,635</u>
Balance at 12/31/2022	<u>\$ 1,582,651</u>	<u>\$ 1,340,699</u>	<u>\$ 241,952</u>

The following presents the net pension liability of the City and component unit, 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%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 17,524,945	\$ 8,949,967	\$ 1,955,884
Component unit's net pension liability	<u>473,766</u>	<u>241,952</u>	<u>52,875</u>
Total	<u>\$ 17,998,711</u>	<u>\$ 9,191,919</u>	<u>\$ 2,008,759</u>

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 electronically at www.TMRS.com.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City and the component unit recognized pension expense of \$2,050,791 and \$55,441, respectively.

As of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 270,201
Difference between projected and actual investment earnings	3,404,134
Contributions subsequent to the measurement date	<u>1,612,730</u>
Total	<u>\$ 5,287,065</u>

At September 30, 2023, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 7,305
Difference between projected and actual investment earnings	92,027
Contributions subsequent to the measurement date	<u>43,598</u>
Total	<u>\$ 142,930</u>

The City and component unit reported \$1,612,730 and \$43,598, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	City	Component Unit
2024	\$ 357,448	\$ 9,663
2025	927,498	25,074
2026	925,007	25,006
2027	1,464,383	39,589

X. OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description.

The City voluntarily participates in a multiple-employer other post-employment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City’s pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. No assets are accumulated in a trust. The Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided.

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>214</u>
Total	<u><u>356</u></u>

Contributions.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.29% for 2022 and 0.39% for 2023, of which 0.20% and 0.19%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees’ entire careers. The City and Component Unit’s contributions to the SDBF for the year ended September 30, 2023 was \$26,128 and \$706, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions.

The City and Component Unit’s total OPEB liability of \$628,444 and \$16,990, respectively, were measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.00% per year
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB
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.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Changes in assumptions reflect the annual change in the municipal bond rate.

Discount Rate.

A single discount rate of 4.05% was used to measure the total OPEB liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from the City is made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022.

Discount Rate Sensitivity Analysis.

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the total OPEB Liability.

	1% Decrease in Discount Rate (3.05%)	Current Single Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's total OPEB liability	\$ 741,535	\$ 628,444	\$ 539,237
Component unit's total OPEB liability	<u>20,047</u>	<u>16,990</u>	<u>14,578</u>
Total	<u>\$ 761,582</u>	<u>\$ 645,434</u>	<u>\$ 553,815</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.

At September 30, 2023, the City and component unit reported a total OPEB liability of \$628,444 and \$16,990, respectively. The total OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City and component unit recognized OPEB expense of \$26,128 and 706, respectively. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the Total OPEB Liability

At September 30, 2023, the City reported Total OPEB liabilities related to other post-employment benefits from the following sources:

	<u>Increase (Decrease)</u>
	Total OPEB Liability
Balance at 12/31/2021	\$ 896,496
Changes for the year:	
Service cost	45,825
Interest	16,677
Difference between expected and actual experience	(11,361)
Change in assumptions	(293,006)
Benefit payments, including refunds of employee contributions	<u>(26,187)</u>
Net changes	<u>(268,052)</u>
Balance at 12/31/2022	<u>\$ 628,444</u>

At September 30, 2023, the component unit reported net OPEB liabilities related to other post-employment benefits from the following sources:

	<u>Increase (Decrease)</u>
	Total OPEB Liability
Balance at 12/31/2021	\$ 24,236
Changes for the year:	
Service cost	1,240
Interest	450
Difference between expected and actual experience	(307)
Change in assumptions	(7,921)
Benefit payments, including refunds of employee contributions	<u>(708)</u>
Net changes	<u>(7,246)</u>
Balance at 12/31/2022	<u>\$ 16,990</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 127	\$ 61,754
Changes in actuarial assumptions	92,273	240,242
Contributions subsequent to the measurement date	<u>19,793</u>	<u>-</u>
Total	<u>\$ 112,193</u>	<u>\$ 301,996</u>

At September 30, 2023, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5	\$ 1,670
Changes in actuarial assumptions	2,494	6,495
Contributions subsequent to the measurement date	<u>535</u>	<u>-</u>
Total	<u>\$ 3,034</u>	<u>\$ 8,165</u>

The City and component unit reported \$19,793 and \$535, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	City	Component Unit
2024	\$ (37,626)	\$ (1,017)
2025	(41,900)	(1,133)
2026	(61,826)	(1,671)
2026	(59,377)	(1,605)
2027	(8,867)	(240)

XI. NEW ACCOUNTING PRONOUNCEMENTS

Significant new accounting standards issued by the GASB but not yet implemented by the City include the following:

Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

Statement No. 102, *Certain Risk Disclosures* – While governments currently disclose certain financial risks, other risks are not required to be disclosed per current standards. The objective of this statement is to provide clear guidance for disclosure of risks related to concentrations and constraints. The standard is effective for fiscal years beginning after June 15, 2024.

XII. PRIOR PERIOD ADJUSTMENT

During the fiscal year, the City received notice that certain sales tax payers overpaid to the state and thereby received overpayment for sales taxes in a prior period. The City will reimburse the state for the overpayment. A prior period adjustment was recorded in the amount of \$529,835 in the General Fund and \$105,966 in the Component Unit.

In the American Recovery Grant Fund, the City recorded receipts received from the state as revenue in a prior period as earned revenue. The receipts are not earned until the allowable expenditures are made. A prior period adjustment was recorded to the beginning fund balance in the amount of \$3,479,854.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,164,147	\$ 7,154,147	\$ 7,339,943	\$ 185,796
Sales taxes	6,250,000	7,650,000	8,542,948	892,948
Franchise taxes	1,136,000	1,303,000	1,443,328	140,328
Mixed beverage tax	36,000	36,000	41,846	5,846
Service charges	1,103,200	1,130,200	1,245,875	115,675
License & permits	428,128	438,128	532,375	94,247
Fines & forfeitures	357,800	357,800	450,053	92,253
Investment income	50,000	550,000	619,870	69,870
Intergovernmental revenues	-	15,135	28,071	12,936
Other income	<u>148,900</u>	<u>793,268</u>	<u>1,005,010</u>	<u>211,742</u>
Total revenues	<u>16,674,175</u>	<u>19,427,678</u>	<u>21,249,319</u>	<u>1,821,641</u>
EXPENDITURES				
General government:				
Administration	658,121	703,471	617,766	85,705
Human resources	259,167	258,599	257,079	1,520
Information technology	320,445	323,011	300,422	22,589
Building operations	78,134	78,134	69,993	8,141
Public assistance programs	129,450	144,450	144,300	150
Municipal court	307,982	298,059	288,583	9,476
Civic center operations	<u>271,368</u>	<u>275,013</u>	<u>275,331</u>	<u>(318)</u>
Total general government	<u>2,024,667</u>	<u>2,080,737</u>	<u>1,953,474</u>	<u>127,263</u>
Community development:				
Planning and zoning	349,073	344,192	322,266	21,926
Code compliance	<u>291,544</u>	<u>263,819</u>	<u>235,085</u>	<u>28,734</u>
Total community development	<u>640,617</u>	<u>608,011</u>	<u>557,351</u>	<u>50,660</u>
Finance	662,591	665,791	659,648	6,143
Public safety:				
Police	6,499,930	6,180,746	5,899,443	281,303
Emergency management	49,322	47,946	36,121	11,825
Fire	<u>4,975,768</u>	<u>5,046,935</u>	<u>5,042,759</u>	<u>4,176</u>
Total public safety	<u>11,525,020</u>	<u>11,275,627</u>	<u>10,978,323</u>	<u>297,304</u>

The accompanying notes are an integral part of this schedule.

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
EXPENDITURES (continued):				
Public works:				
Administration	108,730	109,053	108,217	836
Street maintenance	933,176	947,617	870,268	77,349
Central garage	309,601	304,942	307,552	(2,610)
Parks and recreation operations	1,071,470	1,088,977	997,413	91,564
Zoo operations	1,494,082	1,515,718	1,390,293	125,425
Cemetery Operations	<u>328,515</u>	<u>370,802</u>	<u>311,600</u>	<u>59,202</u>
Total public works	<u>4,245,574</u>	<u>4,337,109</u>	<u>3,985,343</u>	<u>351,766</u>
Capital outlay	<u>358,446</u>	<u>411,819</u>	<u>378,782</u>	<u>33,037</u>
TOTAL EXPENDITURES	<u>19,456,915</u>	<u>19,379,094</u>	<u>18,512,921</u>	<u>866,173</u>
Excess of revenues over expenditures	<u>(2,782,740)</u>	<u>48,584</u>	<u>2,736,398</u>	<u>2,687,814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,967,726	2,967,726	2,967,726	-
Transfers out	<u>(190,000)</u>	<u>(2,882,751)</u>	<u>(5,504,124)</u>	<u>(2,621,373)</u>
Total other financing sources (uses)	<u>2,777,726</u>	<u>84,975</u>	<u>(2,536,398)</u>	<u>(2,621,373)</u>
NET CHANGE IN FUND BALANCE	(5,014)	133,559	200,000	66,441
FUND BALANCE - BEGINNING	<u>9,291,926</u>	<u>9,291,926</u>	<u>9,291,926</u>	<u>-</u>
PRIOR PERIOD - ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(529,835)</u>	<u>(529,835)</u>
FUND BALANCE - ENDING	<u>\$ 9,286,912</u>	<u>\$ 9,425,485</u>	<u>\$ 8,962,091</u>	<u>\$ (463,394)</u>

The accompanying notes are an integral part of this schedule.

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement year December 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 1,541,056	\$ 1,452,055	\$ 1,399,262	\$ 1,384,495
Interest on total pension liability	3,825,017	3,614,936	3,434,978	3,254,251
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	143,213	376,949	52,630	160,325
Change or assumptions	-	-	-	110,743
Benefit payments/refunds of contributions	<u>(2,559,375)</u>	<u>(2,192,891)</u>	<u>(2,301,534)</u>	<u>(2,177,988)</u>
Net change in total pension liability	<u>2,949,911</u>	<u>3,251,049</u>	<u>2,585,336</u>	<u>2,731,826</u>
 Total pension liability, beginning	 <u>57,176,081</u>	 <u>53,925,032</u>	 <u>51,339,696</u>	 <u>48,607,870</u>
 Total pension liability, ending (a)	 <u>\$ 60,125,992</u>	 <u>\$ 57,176,081</u>	 <u>\$ 53,925,032</u>	 <u>\$ 51,339,696</u>
 Plan fiduciary net position				
Contributions - employer	\$ 3,056,953	\$ 2,994,006	\$ 1,491,158	\$ 1,683,674
Contributions - employee	820,471	766,991	735,164	725,499
Net investment income	(3,907,457)	5,993,005	3,249,841	5,706,203
Benefit payments/refunds of contributions	(2,559,375)	(2,192,891)	(2,301,534)	(2,177,988)
Administrative expenses	(33,805)	(27,737)	(21,037)	(32,257)
Other	<u>40,339</u>	<u>190</u>	<u>(821)</u>	<u>(969)</u>
Net change in fiduciary net position	<u>(2,582,874)</u>	<u>7,533,564</u>	<u>3,152,771</u>	<u>5,904,162</u>
 Fiduciary net position, beginning	 <u>53,516,947</u>	 <u>45,983,383</u>	 <u>42,830,612</u>	 <u>36,926,450</u>
 Fiduciary net position, ending (b)	 <u>\$ 50,934,073</u>	 <u>\$ 53,516,947</u>	 <u>\$ 45,983,383</u>	 <u>\$ 42,830,612</u>
 Net pension liability = (a)-(b)	 <u>9,191,919</u>	 <u>3,659,134</u>	 <u>7,941,649</u>	 <u>8,509,084</u>
 Fiduciary net position as a percentage of total pension liability	 84.71%	 93.60%	 85.27%	 83.43%
 Covered payroll	 \$ 13,447,260	 \$ 12,770,933	 \$ 12,252,735	 \$ 12,091,656
 Net pension liability as a percentage of covered employee payroll	 68.36%	 28.65%	 64.82%	 70.37%

Note: GASB Statement 68 requires this schedule to report 10 years of data. Data prior to 2014 is not available.

2018	2017	2016	2015	2014
\$ 1,311,903	\$ 1,044,140	\$ 1,032,475	\$ 983,604	\$ 904,131
3,129,818	2,800,533	2,675,417	2,667,580	2,583,710
3,430,995	-	-	-	-
(416,450)	(476,904)	17,839	(96,053)	(277,847)
-	-	-	(78,753)	-
<u>(2,258,256)</u>	<u>(1,850,434)</u>	<u>(1,907,792)</u>	<u>(2,036,560)</u>	<u>(2,066,593)</u>
<u>5,198,010</u>	<u>1,517,335</u>	<u>1,817,939</u>	<u>1,439,818</u>	<u>1,143,401</u>
<u>43,409,860</u>	<u>41,892,525</u>	<u>40,074,586</u>	<u>38,634,768</u>	<u>37,491,367</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>
\$ 1,090,028	\$ 1,041,967	\$ 991,986	\$ 1,006,406	\$ 1,106,406
568,908	543,257	532,753	518,232	524,860
(1,159,231)	4,746,611	2,191,755	48,641	1,808,335
(2,258,256)	(1,850,434)	(1,907,792)	(2,036,560)	(2,066,593)
(22,409)	(24,603)	(24,783)	(29,628)	(18,881)
<u>(1,170)</u>	<u>(1,247)</u>	<u>(1,335)</u>	<u>(1,463)</u>	<u>(1,552)</u>
<u>(1,782,130)</u>	<u>4,455,551</u>	<u>1,782,584</u>	<u>(494,372)</u>	<u>1,352,575</u>
<u>38,708,580</u>	<u>34,253,029</u>	<u>32,470,445</u>	<u>32,964,817</u>	<u>31,612,242</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>
<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>
75.97%	89.17%	81.76%	81.03%	85.32%
\$ 11,378,167	\$ 10,865,140	\$ 10,655,057	\$ 10,364,634	\$ 10,295,465
102.67%	43.27%	71.70%	73.37%	55.07%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,380,098	\$ 1,061,273	\$ 1,048,344	\$ 1,024,989	\$ 1,047,978
<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>
(223,002)	-	-	-	-
12,139,096	11,074,513	10,790,139	10,364,634	10,364,634
13.21%	9.58%	9.72%	9.89%	10.11%

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFIT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement year December 31,	2022	2021	2020
Total OPEB liability			
Service cost	\$ 47,065	\$ 38,313	\$ 29,407
Interest on total OPEB liability	17,127	18,605	21,681
Difference between expected and actual experience	(11,668)	(62,325)	(11,166)
Change or assumptions	(300,927)	26,527	113,266
Benefit payments/refunds of contributions	<u>(26,895)</u>	<u>(22,988)</u>	<u>(8,577)</u>
Net change in total OPEB liability	<u>(275,298)</u>	<u>(1,868)</u>	<u>144,611</u>
Total OPEB liability, beginning	<u>920,732</u>	<u>922,600</u>	<u>777,989</u>
Total OPEB liability, ending (b)	<u>\$ 645,434</u>	<u>\$ 920,732</u>	<u>\$ 922,600</u>
Covered - employee payroll	\$ 13,447,260	\$ 12,770,933	\$ 12,252,735
Total OPEB liability as a percentage of covered employee payroll	4.80%	7.21%	7.53%

Note: GASB Statement 75 requires this schedule to report 10 years of data. Data prior to 2017 is not available. No assets are accumulated in a trust for the SDB plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

2019	2018	2017
\$ 20,556	\$ 23,894	\$ 19,557
24,977	22,453	22,391
(45,537)	1,357	-
119,281	(43,517)	49,108
<u>(8,464)</u>	<u>(6,827)</u>	<u>(7,606)</u>
<u>110,813</u>	<u>(2,640)</u>	<u>83,450</u>
<u>667,176</u>	<u>669,816</u>	<u>586,366</u>
<u>\$ 777,989</u>	<u>\$ 667,176</u>	<u>\$ 669,816</u>
\$ 10,091,656	\$ 11,378,167	\$ 10,865,140
7.71%	5.86%	6.16%

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of federal, state, and local grant revenues that are legally restricted to expenditures for specified purposes.

Municipal Court Technology Fund – To account for funds to be utilized to improve technology.

Municipal Court Security Fund – To account for funds required to be utilized to improve security, and efficiency and the Municipal Court.

Hotel/Motel Tax Fund – To account for taxes which are used for the promotion of tourism, support Chamber of Commerce’s tourism program, and support for local historic buildings, museums, and the arts within the City.

Law Enforcement Education – These funds are provided by the State of Texas to law enforcement agencies for costs that are associated with training.

Federal Seizure – These funds are obtained through property and currency seizures that are awarded to the Police Department by the United States Department of Justice Asset Forfeiture Program through the civil asset forfeiture process.

Water Impact Fees Fund – To account for water impact fees received and related interest revenue derived from new development projects permitted by the City.

Municipal Court Juvenile Case Manager Fund – To account for funds to be utilized for salary paid to the Juvenile Case Manager.

Hospital Demolition Fund – To account for funds that have been assigned to demolish the old hospital.

City Athletic Field Fund – To account for funds received from all athletic leagues with an athletic service agreement on file with parks and recreation department. The enhancement fee collected shall also be used for improvement of the athletic facilities as approved by the city Council.

State Seizure – These funds are obtained through property and currency seizures that are awarded by the Police Department by the State of Texas through the civil asset forfeitures process.

Cable Peg Fee Fund – To account for one percent fee paid by Time Warner to support public, educational and governmental (PEG) programming. These funds may be used only to support capital costs (e.g. equipment) related to PEG channels.

Coronavirus Fund – To account for expenditures incurred due the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).

Wastewater Impact Fees Fund – To account for wastewater impact fees received and related interest revenue derived from new development projects permitted by the City.

RCI Gainesville TIRZ Fund – To account for the expenses incurred by the City in creating a Tax Increment Reinvestment Zone (TIRZ) requested by the developer RCI Gainesville 110 LP.

Mesa MUD Fund – To account for the cost of developing the Elm Fork MUD #1. The developer deposits the money to cover the City’s expenses.

Opioid Settlement Fund – To account for money that was recovered through the statewide opioid settlement agreements to be directed to toward addressing the opioid crisis in Texas.

PID Liberty Pointe Fund – To account for Public Improvement District#1 (PID) creation and operation expenses which will be paid by the developer.

Foundry Road Fund – To account for expenses incurred by the City to enlarge a water distribution pipeline.

Capital Projects Funds

Other Capital Projects Fund – To account for the remaining proceeds and use of projects.

Sewer Line Improvement Fund – To account for expenses incurred by the City to enlarge and extend the City's southern sanitary sewer collection system.

Debt Service Fund

Debt Service Fund – To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Permanent Funds

Cemetery Permanent Trust Fund – To account for the principal trust amounts received and related interest revenue derived from the sale of cemetery lots. The interest revenue of the trust is used to assist in funding the operations of the Fairview Cemetery accounted for in the General Fund.

Cohen Scholarship Fund – To account for the donation from the Harry Cohen estate and associated interest revenue, which is to be used for granting annual scholarships to Gainesville High School graduating students continuing their education at the University of Texas.

CITY OF GAINESVILLE, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Security	Hotel/ Motel	Law Enforcement Education
ASSETS				
Cash and cash equivalents	\$ 9,287	\$ 29,054	\$ 1,275,627	\$ 142
Receivables (net of allowance):				
Taxes	-	-	-	-
Other	-	-	79,244	-
Total assets	<u>9,287</u>	<u>29,054</u>	<u>1,354,871</u>	<u>142</u>
LIABILITIES				
Accounts payable	78	-	135	-
Due to other funds	-	-	-	-
Total liabilities	<u>78</u>	<u>-</u>	<u>135</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable for:				
Cemetery	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Tourism and the arts	-	-	1,354,736	-
Other	9,209	29,054	-	142
Assigned for:				
Capital projects	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>9,209</u>	<u>29,054</u>	<u>1,354,736</u>	<u>142</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,287</u>	<u>\$ 29,054</u>	<u>\$ 1,354,871</u>	<u>\$ 142</u>

Special Revenue Funds

Federal Seizure Fund	Impact Fees Service Area A	Municipal Court Juv Case Manager	Hospital Demolition	City Athletic Fields	State Seizure	Cable PEG Fee Fund
\$ 50	\$ 40,147	\$ 25,020	\$ -	\$ 38,881	\$ 66,427	\$ 201,851
-	-	-	-	-	-	-
-	-	-	-	-	-	4,129
<u>50</u>	<u>40,147</u>	<u>25,020</u>	<u>-</u>	<u>38,881</u>	<u>66,427</u>	<u>205,980</u>
-	-	74	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>74</u>	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
50	-	24,946	-	-	66,427	205,980
-	40,147	-	-	38,881	-	-
-	-	-	-	-	-	-
<u>50</u>	<u>40,147</u>	<u>24,946</u>	<u>-</u>	<u>38,881</u>	<u>66,427</u>	<u>205,980</u>
<u>\$ 50</u>	<u>\$ 40,147</u>	<u>\$ 25,020</u>	<u>\$ -</u>	<u>\$ 38,881</u>	<u>\$ 66,427</u>	<u>\$ 205,980</u>

CITY OF GAINESVILLE, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds			
	Coronavirus Fund	Impact Fees Service Area B	RCI Gainesville TIRZ	Mesa MUD
ASSETS				
Cash and cash equivalents	\$ 909,134	\$ 248,445	\$ 7,710	\$ 3,801
Receivables (net of allowance):				
Taxes	-	-	-	-
Other	-	-	-	-
Total assets	<u>909,134</u>	<u>248,445</u>	<u>7,710</u>	<u>3,801</u>
LIABILITIES				
Accounts payable	-	-	1,957	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,957</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable for:				
Cemetery	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Tourism and the arts	-	-	-	-
Other	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Other	909,134	248,445	5,753	3,801
Unassigned	-	-	-	-
Total fund balances	<u>909,134</u>	<u>248,445</u>	<u>5,753</u>	<u>3,801</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 909,134</u>	<u>\$ 248,445</u>	<u>\$ 7,710</u>	<u>\$ 3,801</u>

Special Revenue Funds			Capital Projects Funds		Debt Service
Opioid Settlement	PID Liberty Pointe	Foundry Road	Capital Projects Fund	Sewer Line Improvement	Debt Service Fund
\$ 49,702	\$ -	\$ -	\$ 2,757,761	\$ 1,350,322	\$ 1,868,649
-	-	-	-	-	66,096
-	-	-	-	-	-
<u>49,702</u>	<u>-</u>	<u>-</u>	<u>2,757,761</u>	<u>1,350,322</u>	<u>1,934,745</u>
-	520	6,500	2,100	24,250	-
-	11,932	3,882	-	-	-
<u>-</u>	<u>12,452</u>	<u>10,382</u>	<u>2,100</u>	<u>24,250</u>	<u>-</u>
-	-	-	-	-	66,096
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,096</u>
-	-	-	-	-	-
-	-	-	-	-	1,868,649
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,755,661	1,326,072	-
49,702	-	-	-	-	-
-	(12,452)	(10,382)	-	-	-
<u>49,702</u>	<u>(12,452)</u>	<u>(10,382)</u>	<u>2,755,661</u>	<u>1,326,072</u>	<u>1,868,649</u>
<u>\$ 49,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,757,761</u>	<u>\$ 1,350,322</u>	<u>\$ 1,934,745</u>

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CITY OF GAINESVILLE, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Permanent Funds		Nonmajor Governmental Funds
	Cemetery Permanent	Cohen Scholarship	
ASSETS			
Cash and cash equivalents	\$ 1,813,625	\$ 11,926	\$ 10,707,561
Receivables (net of allowance):			
Taxes	-	-	66,096
Other	-	-	83,373
Total assets	1,813,625	11,926	10,857,030
LIABILITIES			
Accounts payable	-	-	35,614
Due to other funds	-	-	15,814
Total liabilities	-	-	51,428
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	66,096
Total deferred inflows of resources	-	-	66,096
FUND BALANCES			
Nonspendable for:			
Cemetery	1,813,625	-	1,813,625
Restricted for:			
Debt service	-	-	1,868,649
Tourism and the arts	-	-	1,354,736
Other	-	11,926	347,734
Assigned for:			
Capital projects	-	-	4,081,733
Other	-	-	1,295,863
Unassigned	-	-	(22,834)
Total fund balances	1,813,625	11,926	10,739,506
Total liabilities, deferred inflows of Resources and fund balances	\$ 1,813,625	\$ 11,926	\$ 10,857,030

CITY OF GAINESVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Security	Hotel/ Motel	Law Enforcement Education
REVENUES				
Taxes:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	1,049,779	-
Service Charges	-	-	-	-
License & permits	-	-	-	-
Fines & forfeitures	11,626	13,964	-	-
Investment income	241	1,691	55,627	49
Intergovernmental revenues	-	-	-	-
Other income	-	-	-	2,674
Total revenues	<u>11,867</u>	<u>15,655</u>	<u>1,105,406</u>	<u>2,723</u>
EXPENDITURES				
Current:				
General government	-	-	563,921	-
Finance	-	-	-	-
Public safety	9,556	1,033	-	2,649
Pulic works	-	-	-	-
Capital outlay	-	27,525	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs and fees	-	-	-	-
Total expenditures	<u>9,556</u>	<u>28,558</u>	<u>563,921</u>	<u>2,649</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,311</u>	<u>(12,903)</u>	<u>541,485</u>	<u>74</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	2,700	-	-	-
Transfers out	<u>-</u>	<u>(2,700)</u>	<u>(474,118)</u>	<u>-</u>
Total other financing sources and uses	<u>2,700</u>	<u>(2,700)</u>	<u>(474,118)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,011	(15,603)	67,367	74
FUND BALANCES - BEGINNING	<u>4,198</u>	<u>44,657</u>	<u>1,287,369</u>	<u>68</u>
FUND BALANCES - ENDING	<u>\$ 9,209</u>	<u>\$ 29,054</u>	<u>\$ 1,354,736</u>	<u>\$ 142</u>

Special Revenue Funds

Federal Seizure Fund	Impact Fees Service Area A	Municipal Court Juv Case Manager	Hospital Demolition	City Athletic Fields	State Seizure	Cable PEG Fee Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	10,616	-	-
-	-	-	-	-	-	12,559
-	-	14,589	-	-	-	-
-	1,065	1,363	23	1,487	3,620	8,550
-	-	-	-	-	-	-
-	<u>36,188</u>	-	-	-	<u>58,156</u>	-
-	<u>37,253</u>	<u>15,952</u>	<u>23</u>	<u>12,103</u>	<u>61,776</u>	<u>21,109</u>
-	-	440	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	37,262	-
-	-	-	-	3,350	-	-
-	-	-	-	-	17,340	4,356
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>440</u>	-	<u>3,350</u>	<u>54,602</u>	<u>4,356</u>
-	<u>37,253</u>	<u>15,512</u>	<u>23</u>	<u>8,753</u>	<u>7,174</u>	<u>16,753</u>
50	-	-	-	-	-	-
-	-	(13,000)	(807)	-	-	-
<u>50</u>	-	<u>(13,000)</u>	<u>(807)</u>	-	-	-
50	37,253	2,512	(784)	8,753	7,174	16,753
-	<u>2,894</u>	<u>22,434</u>	<u>784</u>	<u>30,128</u>	<u>59,253</u>	<u>189,227</u>
<u>\$ 50</u>	<u>\$ 40,147</u>	<u>\$ 24,946</u>	<u>\$ -</u>	<u>\$ 38,881</u>	<u>\$ 66,427</u>	<u>\$ 205,980</u>

CITY OF GAINESVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	Coronavirus Fund	Impact Fees Service Area B	RCI Gainesville TIRZ	Mesa MUD
REVENUES				
Taxes:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-
Service Charges	-	-	-	-
License & permits	-	-	-	-
Fines & forfeitures	-	-	-	-
Investment income	40,054	5,867	294	601
Intergovernmental revenues	-	-	-	-
Other income	-	194,612	15,000	25,000
Total revenues	<u>40,054</u>	<u>200,479</u>	<u>15,294</u>	<u>25,601</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Finance	-	-	9,541	21,800
Public safety	-	-	-	-
Pulic works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs and fees	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>9,541</u>	<u>21,800</u>
Excess (deficiency) of revenue over (under) expenditures	<u>40,054</u>	<u>200,479</u>	<u>5,753</u>	<u>3,801</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	40,054	200,479	5,753	3,801
FUND BALANCES - BEGINNING	<u>869,080</u>	<u>47,966</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 909,134</u>	<u>\$ 248,445</u>	<u>\$ 5,753</u>	<u>\$ 3,801</u>

Special Revenue Funds			Capital Projects		Debt Service
Opioid Settlement	PID Liberty Pointe	Foundry Road	Capital Projects Fund	Sewer Line Improvement	Debt Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,209,198
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,365	327	-	77,560	12,902	102,452
-	-	55,562	-	-	-
<u>48,337</u>	<u>35,000</u>	<u>-</u>	<u>13,700</u>	<u>200,000</u>	<u>23,630</u>
<u>49,702</u>	<u>35,327</u>	<u>55,562</u>	<u>91,260</u>	<u>212,902</u>	<u>2,335,280</u>
-	-	-	10,006	-	140,853
-	38,016	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,923,309	-	-
-	-	-	-	-	1,048,463
-	-	-	-	-	609,106
-	-	-	-	444	-
<u>-</u>	<u>38,016</u>	<u>-</u>	<u>1,933,315</u>	<u>444</u>	<u>1,798,422</u>
<u>49,702</u>	<u>(2,689)</u>	<u>55,562</u>	<u>(1,842,055)</u>	<u>212,458</u>	<u>536,858</u>
-	-	-	1,553,865	1,499,114	-
<u>-</u>	<u>(9,763)</u>	<u>(65,944)</u>	<u>-</u>	<u>(385,500)</u>	<u>(572,317)</u>
<u>-</u>	<u>(9,763)</u>	<u>(65,944)</u>	<u>1,553,865</u>	<u>1,113,614</u>	<u>(572,317)</u>
49,702	(12,452)	(10,382)	(288,190)	1,326,072	(35,459)
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,043,851</u>	<u>-</u>	<u>1,904,108</u>
<u>\$ 49,702</u>	<u>\$ (12,452)</u>	<u>\$ (10,382)</u>	<u>\$ 2,755,661</u>	<u>\$ 1,326,072</u>	<u>\$ 1,868,649</u>

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CITY OF GAINESVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Permanent Funds		
	Cemetery Permanent	Cohen Scholarship	Nonmajor Governmental Funds
REVENUES			
Taxes:			
Ad valorem taxes	\$ -	\$ -	\$ 2,209,198
Occupancy tax	-	-	1,049,779
Service Charges	-	-	10,616
License & permits	-	-	12,559
Fines & forfeitures	-	-	40,179
Investment income	79,921	526	395,585
Intergovernmental revenues	-	-	55,562
Other income	<u>49,656</u>	-	<u>701,953</u>
Total revenues	<u>129,577</u>	<u>526</u>	<u>4,475,431</u>
EXPENDITURES			
Current:			
General government	-	-	715,220
Finance	-	-	69,357
Public safety	-	-	50,500
Pulic works	-	-	3,350
Capital outlay	-	-	1,972,530
Debt service:			
Principal	-	-	1,048,463
Interest and fiscal charges	-	-	609,106
Bond issuance costs and fees	-	-	444
Total expenditures	<u>-</u>	<u>-</u>	<u>4,468,970</u>
Excess (deficiency) of revenue over expenditures	<u>129,577</u>	<u>526</u>	<u>6,461</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	3,055,729
Transfers out	<u>(32,000)</u>	-	<u>(1,556,149)</u>
Total other financing sources	<u>(32,000)</u>	-	<u>1,499,580</u>
NET CHANGE IN FUND BALANCES	97,577	526	1,506,041
FUND BALANCES - BEGINNING	<u>1,716,048</u>	<u>11,400</u>	<u>9,233,465</u>
FUND BALANCES - ENDING	<u>\$ 1,813,625</u>	<u>\$ 11,926</u>	<u>\$ 10,739,506</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ASSIGNED PROJECTS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 2,400	\$ 130,000	\$ 179,792	\$ 49,792
Total revenues	<u>2,400</u>	<u>130,000</u>	<u>179,792</u>	<u>49,792</u>
EXPENDITURES				
Current:				
General government	241,860	167,863	60,374	107,489
Capital outlay	1,451,161	1,491,161	109,734	1,381,427
Additional payments on pension liability	-	850,000	850,000	-
Debt service:				
Principal	-	136,615	136,615	-
Interest and fiscal charges	-	5,246	5,246	-
Total expenditures	<u>1,693,021</u>	<u>2,650,885</u>	<u>1,161,969</u>	<u>1,488,916</u>
Excess (deficiency) of revenues over (under) expenditures	(1,690,621)	(2,520,885)	(982,177)	1,538,708
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	2,743,558	5,416,557	2,672,999
Transfers out	-	-	(1,448,855)	(1,448,855)
Total other financing sources (uses)	<u>50,000</u>	<u>2,743,558</u>	<u>3,967,702</u>	<u>1,224,144</u>
NET CHANGE IN FUND BALANCE	(1,640,621)	222,673	2,985,525	2,762,852
FUND BALANCE - BEGINNING	<u>5,176,053</u>	<u>5,176,053</u>	<u>5,176,053</u>	-
FUND BALANCE - ENDING	<u>\$ 3,535,432</u>	<u>\$ 5,398,726</u>	<u>\$ 8,161,578</u>	<u>\$ 2,762,852</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 2,243,578	\$ 2,156,373	\$ 2,209,198	\$ 52,825
Investment income	2,000	100,000	102,452	2,452
Other income	<u>18,000</u>	<u>18,000</u>	<u>23,630</u>	<u>5,630</u>
Total revenues	<u>2,263,578</u>	<u>2,274,373</u>	<u>2,335,280</u>	<u>60,907</u>
EXPENDITURES				
Current:				
General government	142,500	142,500	140,853	1,647
Debt service				
Principal retirement	1,048,163	1,048,463	1,048,463	-
Interest and fiscal charges	<u>609,106</u>	<u>609,106</u>	<u>609,106</u>	<u>-</u>
Total expenditures	<u>1,799,769</u>	<u>1,800,069</u>	<u>1,798,422</u>	<u>1,647</u>
Excess (deficiency) of revenues over (under) expenditures	463,809	474,304	536,858	62,554
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(572,317)</u>	<u>(572,317)</u>	<u>(572,317)</u>	<u>-</u>
Total other financing sources (uses)	<u>(572,317)</u>	<u>(572,317)</u>	<u>(572,317)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(108,508)	(98,013)	(35,459)	62,554
FUND BALANCE - BEGINNING	<u>1,904,108</u>	<u>1,904,108</u>	<u>1,904,108</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,795,600</u>	<u>\$ 1,806,095</u>	<u>\$ 1,868,649</u>	<u>\$ 62,554</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL/MOTEL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Other local taxes	\$ 740,000	\$ 975,000	\$ 1,049,779	\$ 74,779
Investment income	1,000	40,000	55,627	15,627
Total revenues	<u>741,000</u>	<u>1,015,000</u>	<u>1,105,406</u>	<u>90,406</u>
EXPENDITURES				
Current:				
General government	<u>284,800</u>	<u>573,000</u>	<u>563,921</u>	<u>9,079</u>
Total expenditures	<u>284,800</u>	<u>573,000</u>	<u>563,921</u>	<u>9,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>456,200</u>	<u>442,000</u>	<u>541,485</u>	<u>99,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(477,118)</u>	<u>(474,118)</u>	<u>(474,118)</u>	<u>-</u>
Total other financing sources (uses)	<u>(477,118)</u>	<u>(474,118)</u>	<u>(474,118)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(20,918)</u>	<u>(32,118)</u>	<u>67,367</u>	<u>99,485</u>
FUND BALANCE - BEGINNING	<u>1,287,369</u>	<u>1,287,369</u>	<u>1,287,369</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,266,451</u>	<u>\$ 1,255,251</u>	<u>\$ 1,354,736</u>	<u>\$ 99,485</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT JUVENILE CASE MANAGER
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Fines & forfeitures	\$ 9,230	\$ 10,700	\$ 14,589	\$ 3,889
Investment income	68	-	1,363	1,363
Total revenues	<u>9,298</u>	<u>10,700</u>	<u>15,952</u>	<u>5,252</u>
EXPENDITURES				
Current:				
General government	<u>1,200</u>	<u>-</u>	<u>440</u>	<u>(440)</u>
Total expenditures	<u>1,200</u>	<u>-</u>	<u>440</u>	<u>(440)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,098</u>	<u>10,700</u>	<u>15,512</u>	<u>4,812</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(4,902)</u>	<u>(2,300)</u>	<u>2,512</u>	<u>4,812</u>
FUND BALANCE - BEGINNING	<u>22,434</u>	<u>22,434</u>	<u>22,434</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 17,532</u>	<u>\$ 20,134</u>	<u>\$ 24,946</u>	<u>\$ 4,812</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT TECHNOLOGY
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines & forfeitures	\$ 9,000	\$ 10,870	\$ 11,626	\$ 756
Investment income	6	-	241	241
Total revenues	<u>9,006</u>	<u>10,870</u>	<u>11,867</u>	<u>997</u>
EXPENDITURES				
Current:				
Public safety	<u>10,480</u>	<u>13,066</u>	<u>9,556</u>	<u>3,510</u>
Total expenditures	<u>10,480</u>	<u>13,066</u>	<u>9,556</u>	<u>3,510</u>
Excess (deficiency) of revenues over (under) expenditures	(1,474)	(2,196)	2,311	4,507
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>2,700</u>	<u>2,700</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>2,700</u>	<u>2,700</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,474)	504	5,011	4,507
FUND BALANCE - BEGINNING	<u>4,198</u>	<u>4,198</u>	<u>4,198</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,724</u>	<u>\$ 4,702</u>	<u>\$ 9,209</u>	<u>\$ 4,507</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT SECURITY
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines & forfeitures	\$ 10,000	\$ 12,000	\$ 13,964	\$ 1,964
Investment income	85	-	1,691	1,691
Total revenues	<u>10,085</u>	<u>12,000</u>	<u>15,655</u>	<u>3,655</u>
EXPENDITURES				
Current:				
Public Safety	500	720	1,033	(313)
Capital outlay	<u>2,500</u>	<u>27,525</u>	<u>27,525</u>	<u>-</u>
Total expenditures	<u>3,000</u>	<u>28,245</u>	<u>28,558</u>	<u>(313)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,085</u>	<u>(16,245)</u>	<u>(12,903)</u>	<u>3,342</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(2,700)</u>	<u>(2,700)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,700)</u>	<u>(2,700)</u>
NET CHANGE IN FUND BALANCE	<u>7,085</u>	<u>(16,245)</u>	<u>(15,603)</u>	<u>642</u>
FUND BALANCE - BEGINNING	<u>44,657</u>	<u>44,657</u>	<u>44,657</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 51,742</u>	<u>\$ 28,412</u>	<u>\$ 29,054</u>	<u>\$ 642</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
LAW ENFORCEMENT OFFICER EDUCATION
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 3	\$ 25	\$ 49	\$ 24
Other income	<u>3,000</u>	<u>2,674</u>	<u>2,674</u>	<u>-</u>
Total revenues	<u>3,003</u>	<u>2,699</u>	<u>2,723</u>	<u>24</u>
EXPENDITURES				
Current:				
Public safety	<u>3,000</u>	<u>2,674</u>	<u>2,649</u>	<u>25</u>
Total expenditures	<u>3,000</u>	<u>2,674</u>	<u>2,649</u>	<u>25</u>
NET CHANGE IN FUND BALANCE	<u>3</u>	<u>25</u>	<u>74</u>	<u>49</u>
FUND BALANCE - BEGINNING	<u>68</u>	<u>68</u>	<u>68</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 71</u>	<u>\$ 93</u>	<u>\$ 142</u>	<u>\$ 49</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STATE SEIZURE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 120	\$ 2,694	\$ 3,620	\$ 926
Other income	-	39,466	58,156	18,690
Total revenues	<u>120</u>	<u>42,160</u>	<u>61,776</u>	<u>19,616</u>
EXPENDITURES				
Current:				
Public safety	12,000	22,801	37,262	(14,461)
Capital outlay	<u>30,000</u>	-	<u>17,340</u>	<u>(17,340)</u>
Total expenditures	<u>42,000</u>	<u>22,801</u>	<u>54,602</u>	<u>(31,801)</u>
NET CHANGE IN FUND BALANCE	<u>(41,880)</u>	<u>19,359</u>	<u>7,174</u>	<u>(12,185)</u>
FUND BALANCE - BEGINNING	<u>59,253</u>	<u>59,253</u>	<u>59,253</u>	-
FUND BALANCE - ENDING	<u>\$ 17,373</u>	<u>\$ 78,612</u>	<u>\$ 66,427</u>	<u>\$ (12,185)</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CITY ATHLETIC FIELDS
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 13,000	\$ 9,000	\$ 10,616	\$ 1,616
Investment income	100	800	1,487	687
Total revenues	<u>13,100</u>	<u>9,800</u>	<u>12,103</u>	<u>2,303</u>
EXPENDITURES				
Current:				
Public works	<u>15,000</u>	<u>10,000</u>	<u>3,350</u>	<u>6,650</u>
Total expenditures	<u>15,000</u>	<u>10,000</u>	<u>3,350</u>	<u>6,650</u>
NET CHANGE IN FUND BALANCE	<u>(1,900)</u>	<u>(200)</u>	<u>8,753</u>	<u>8,953</u>
FUND BALANCE - BEGINNING	<u>30,128</u>	<u>30,128</u>	<u>30,128</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 28,228</u>	<u>\$ 29,928</u>	<u>\$ 38,881</u>	<u>\$ 8,953</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CABLE PEG FEE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Licenses & permits	\$ 8,000	\$ 8,000	\$ 12,559	\$ 4,559
Investment income	400	6,000	8,550	2,550
Total revenues	<u>8,400</u>	<u>14,000</u>	<u>21,109</u>	<u>7,109</u>
EXPENDITURES				
Current:				
Capital outlay	-	4,356	4,356	-
Total expenditures	<u>-</u>	<u>4,356</u>	<u>4,356</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>8,400</u>	<u>9,644</u>	<u>16,753</u>	<u>7,109</u>
FUND BALANCE - BEGINNING	<u>189,227</u>	<u>189,227</u>	<u>189,227</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 197,627</u>	<u>\$ 198,871</u>	<u>\$ 205,980</u>	<u>\$ 7,109</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CEMETERY PERMANENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 800	\$ 50,000	\$ 79,921	\$ 29,921
Other income	35,000	35,000	49,656	14,656
Total revenues	<u>35,800</u>	<u>85,000</u>	<u>129,577</u>	<u>44,577</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	-
Total other financing sources (uses)	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	-
NET CHANGE IN FUND BALANCE	<u>3,800</u>	<u>53,000</u>	<u>97,577</u>	<u>44,577</u>
FUND BALANCE - BEGINNING	<u>1,716,048</u>	<u>1,716,048</u>	<u>1,716,048</u>	-
FUND BALANCE - ENDING	<u>\$ 1,719,848</u>	<u>\$ 1,769,048</u>	<u>\$ 1,813,625</u>	<u>\$ 44,577</u>

CITY OF GAINESVILLE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COHEN SCHOLARSHIP PERMANENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 6	\$ 450	\$ 526	\$ 76
Total revenues	<u>6</u>	<u>450</u>	<u>526</u>	<u>76</u>
EXPENDITURES				
Current:				
General government	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
Total expenditures	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
NET CHANGE IN FUND BALANCE	<u>(194)</u>	<u>250</u>	<u>526</u>	<u>276</u>
FUND BALANCE - BEGINNING	<u>11,400</u>	<u>11,400</u>	<u>11,400</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 11,206</u>	<u>\$ 11,650</u>	<u>\$ 11,926</u>	<u>\$ 276</u>

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STATISTICAL SECTION

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**STATISTICAL SECTION
(UNAUDITED)**

This part of the City's annual comprehensive 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 City's overall financial health.

	<u>Page Number</u>
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.	89
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources. Property taxes are the City's largest source of revenue whose trends are laid out in Tables 5 through 8. Other tax revenues are compared in Table 9 through Table 12. Another large revenue source derives from utility services, including water, sewer, and solid waste charges. Their underlying rates and operating trends are reported between Tables 13 through 16.	99
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.	115
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.	123
Operating Information These schedules contain 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.	127

Sources – Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

CITY OF GAINESVILLE, TEXAS

NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

For the years ending September 30,	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 3,551,425	\$ 7,022,501	\$ 4,216,159	\$ 8,390,227
Restricted	1,420,639	7,696,601	12,206,817	8,844,766
Unrestricted	<u>20,892,158</u>	<u>9,587,756</u>	<u>9,612,542</u>	<u>11,266,409</u>
Total governmental activities net position	<u>\$ 25,864,222</u>	<u>\$ 24,306,858</u>	<u>\$ 26,035,518</u>	<u>\$ 28,501,402</u>
Business-type activities:				
Net investment in capital assets	\$ 16,196,466	\$ 17,184,026	\$ 18,033,774	\$ 19,595,322
Unrestricted	<u>5,408,349</u>	<u>4,695,184</u>	<u>5,687,456</u>	<u>6,155,259</u>
Total business-type activities net position	<u>\$ 21,604,815</u>	<u>\$ 21,879,210</u>	<u>\$ 23,721,230</u>	<u>\$ 25,750,581</u>
Primary government:				
Net investment in capital assets	\$ 19,747,891	\$ 24,206,527	\$ 22,249,933	\$ 27,985,549
Restricted	1,420,639	7,696,601	12,206,817	8,844,766
Unrestricted	<u>26,300,507</u>	<u>14,282,940</u>	<u>15,299,998</u>	<u>17,421,668</u>
Total primary government net position	<u>\$ 47,469,037</u>	<u>\$ 46,186,068</u>	<u>\$ 49,756,748</u>	<u>\$ 54,251,983</u>

TABLE 1

2018	2019	2020	2021	2022	2023
\$ 9,603,733	\$ 19,333,132	\$ 20,790,472	\$ 21,542,140	\$ 21,516,926	\$ 32,222,234
7,055,924	6,433,394	7,638,788	7,256,380	12,717,546	5,475,012
<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>	<u>18,838,064</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>	<u>\$ 56,535,310</u>
\$ 23,219,516	\$ 25,343,688	\$ 26,970,707	\$ 28,795,012	\$ 33,754,078	\$ 29,492,448
5,224,201	5,743,289	6,761,831	6,980,143	8,084,976	10,889,489
<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>	<u>\$ 40,381,937</u>
\$ 32,823,249	\$ 44,676,820	\$ 47,761,179	\$ 50,337,152	\$ 55,271,004	\$ 61,714,682
7,055,924	6,433,394	7,638,788	7,256,380	12,717,546	5,475,012
19,008,466	11,380,023	12,882,426	18,425,209	17,433,779	29,727,553
<u>\$ 58,887,639</u>	<u>\$ 62,490,237</u>	<u>\$ 68,282,393</u>	<u>\$ 76,018,741</u>	<u>\$ 85,422,329</u>	<u>\$ 96,917,247</u>

CITY OF GAINESVILLE, TEXAS

CHANGE IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

For the years ending September 30,	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 2,301,376	\$ 2,134,433	\$ 2,057,544	\$ 2,007,940
Community development	499,803	474,022	460,691	501,330
Finance	404,366	424,733	453,957	457,878
Public safety	8,262,814	8,469,599	9,014,024	9,075,713
General/public Services	3,731,174	3,790,990	4,216,838	4,256,146
Additional payments on pension liability	-	-	-	-
Bond issuance cost	79,487	-	-	-
Interest on long-term debt	544,840	609,610	672,462	564,734
Total governmental activities expenses	<u>15,823,860</u>	<u>15,903,387</u>	<u>16,875,516</u>	<u>16,863,741</u>
Business-type activities:				
Water and Sewer	6,450,530	6,084,430	5,928,017	5,940,976
Municipal airport	1,336,488	1,162,751	1,187,416	1,250,031
Golf course	390,556	380,340	351,975	298,029
Stormwater	373,440	397,236	401,177	595,174
Solid waste	2,775,951	2,454,876	2,684,735	2,773,845
Total business-type activities expenses	<u>11,326,965</u>	<u>10,479,633</u>	<u>10,553,320</u>	<u>10,858,055</u>
Total primary government expenses	<u>27,150,825</u>	<u>26,383,020</u>	<u>27,428,836</u>	<u>27,721,796</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	-	22,331	28,075	27,688
Community development	691,640	665,918	272,729	837,926
Public safety	272,044	375,469	578,735	514,831
General/public services	675,361	423,529	1,059,423	663,665
Operating grants and contributions	260,794	50,600	325,203	91,970
Total governmental activities program revenues	<u>1,899,839</u>	<u>1,537,847</u>	<u>2,264,165</u>	<u>2,136,080</u>
Business-type activities:				
Charges for services:				
Water and sewer	7,510,490	7,541,024	8,111,187	7,803,109
Municipal airport	1,250,890	989,594	1,007,774	995,814
Golf course	193,863	141,525	140,044	176,643
Stormwater	1,002,231	1,003,379	990,405	936,628
Solid waste	3,690,851	3,812,793	4,069,815	4,093,404
Operating grants and contributions	472,676	86,996	117,941	34,722
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>14,121,001</u>	<u>13,575,311</u>	<u>14,437,166</u>	<u>14,040,320</u>
Total primary government program revenues	<u>16,020,840</u>	<u>15,113,158</u>	<u>16,701,331</u>	<u>16,176,400</u>
Net (expense) revenue:				
Governmental activities	(13,924,021)	(14,365,540)	(14,611,351)	(14,727,661)
Business-type activities	<u>2,794,036</u>	<u>3,095,678</u>	<u>3,883,846</u>	<u>3,182,265</u>
Total primary government net expenses	<u>(11,129,985)</u>	<u>(11,269,862)</u>	<u>(10,727,505)</u>	<u>(11,545,396)</u>

TABLE 2

	2018	2019	2020	2021	2022	2023
\$	2,034,864	\$ 3,550,161	\$ 2,191,967	\$ 2,673,307	\$ 2,646,847	\$ 2,676,396
	564,677	606,461	518,099	482,703	451,724	532,066
	473,764	570,144	537,711	573,688	542,531	684,628
	9,333,202	10,855,628	10,475,290	10,248,969	10,501,942	10,928,475
	4,286,595	4,604,822	4,323,539	4,565,049	4,561,107	4,933,701
	-	-	-	-	500,000	850,000
	60,538	-	-	-	122,002	-
	537,896	560,955	408,132	331,511	325,791	531,333
	<u>17,291,536</u>	<u>20,748,171</u>	<u>18,454,738</u>	<u>18,875,227</u>	<u>19,651,944</u>	<u>21,136,599</u>
	6,072,866	6,302,691	6,271,635	6,388,540	6,096,339	6,608,529
	1,446,481	1,454,466	1,318,696	1,566,473	1,773,743	1,646,827
	320,271	389,876	340,433	351,561	363,866	426,282
	547,183	695,052	782,941	725,619	748,161	696,763
	<u>2,814,258</u>	<u>3,150,716</u>	<u>3,187,700</u>	<u>3,242,207</u>	<u>3,561,529</u>	<u>4,340,289</u>
	<u>11,201,059</u>	<u>11,992,801</u>	<u>11,901,405</u>	<u>12,274,400</u>	<u>12,543,638</u>	<u>13,718,690</u>
	<u>28,492,595</u>	<u>32,740,972</u>	<u>30,356,143</u>	<u>31,149,627</u>	<u>32,195,582</u>	<u>34,855,289</u>
	12,979	25,719	23,534	21,472	14,318	12,559
	948,033	837,068	752,412	677,009	519,193	532,375
	649,699	682,857	400,149	333,185	430,403	621,850
	680,291	636,234	542,778	1,121,765	1,168,066	1,256,491
	<u>398,314</u>	<u>79,290</u>	<u>951,549</u>	<u>2,144,255</u>	<u>2,129,568</u>	<u>868,803</u>
	<u>2,689,316</u>	<u>2,261,168</u>	<u>2,670,422</u>	<u>4,297,686</u>	<u>4,261,548</u>	<u>3,292,078</u>
	8,527,147	8,227,772	8,286,736	8,642,191	9,141,988	9,562,464
	1,206,758	1,233,917	1,163,360	1,280,300	1,719,344	1,590,029
	211,126	159,047	186,486	195,734	275,014	363,492
	922,233	917,858	959,519	964,600	965,199	957,875
	4,616,172	4,620,566	4,579,108	4,900,934	5,230,254	5,643,195
	21,448	28,941	127,726	100,663	54,452	119,393
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,924,059</u>
	<u>15,504,884</u>	<u>15,188,101</u>	<u>15,302,935</u>	<u>16,084,422</u>	<u>17,386,251</u>	<u>21,160,507</u>
	<u>18,194,200</u>	<u>17,449,269</u>	<u>17,973,357</u>	<u>20,382,108</u>	<u>21,647,799</u>	<u>24,452,585</u>
	(14,602,220)	(18,487,003)	(15,784,316)	(14,577,541)	(15,390,396)	(17,844,521)
	<u>4,303,825</u>	<u>3,195,300</u>	<u>3,401,530</u>	<u>3,810,022</u>	<u>4,842,613</u>	<u>7,441,817</u>
	<u>(10,298,395)</u>	<u>(15,291,703)</u>	<u>(12,382,786)</u>	<u>(10,767,519)</u>	<u>(10,547,783)</u>	<u>(10,402,704)</u>

CITY OF GAINESVILLE, TEXAS

CHANGE IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

For the years ending September 30,	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem	\$ 6,216,770	\$ 6,400,677	\$ 6,742,089	\$ 7,003,766
Sales	6,622,880	6,167,640	5,404,024	5,403,311
Other	2,002,165	2,040,775	1,940,453	1,896,032
Investment earnings	11,821	18,749	79,942	179,997
Miscellaneous	1,459,148	359,767	966,743	387,875
Transfers in (out)	<u>2,110,857</u>	<u>1,865,324</u>	<u>2,511,059</u>	<u>2,322,564</u>
Total governmental activities	<u>18,423,641</u>	<u>16,852,932</u>	<u>17,644,310</u>	<u>17,193,545</u>
Business-type activities:				
Investment earnings	5,795	11,927	52,415	92,919
Miscellaneous	7,699,845	-	50,217	1,076,731
Transfers in (out)	<u>(2,110,857)</u>	<u>(1,865,324)</u>	<u>(2,511,059)</u>	<u>(2,322,564)</u>
Total business-type activities	<u>5,594,783</u>	<u>(1,853,397)</u>	<u>(2,408,427)</u>	<u>(1,152,914)</u>
Total primary government	<u>24,018,424</u>	<u>14,999,535</u>	<u>15,235,883</u>	<u>16,040,631</u>
Change in Net Position				
Governmental activities	4,499,620	2,487,392	3,032,959	2,465,884
Business-type activities	<u>8,388,819</u>	<u>1,242,281</u>	<u>1,475,419</u>	<u>2,029,351</u>
Total primary government	<u>\$ 12,888,439</u>	<u>\$ 3,729,673</u>	<u>\$ 4,508,378</u>	<u>\$ 4,495,235</u>

TABLE 2

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$	7,436,261	\$ 8,163,897	\$ 8,414,308	\$ 8,707,453	\$ 9,041,592	\$ 9,602,325
	4,958,203	7,176,658	6,437,327	6,037,291	6,680,051	8,542,948
	1,992,681	2,030,139	1,908,432	2,175,344	2,378,300	2,534,953
	409,811	607,236	208,834	14,452	229,576	1,899,212
	61,116	486,194	323,442	1,349,799	1,283,623	1,706,963
	<u>2,141,203</u>	<u>982,217</u>	<u>1,635,101</u>	<u>1,986,932</u>	<u>(883,057)</u>	<u>10,519,844</u>
	<u>16,999,275</u>	<u>19,446,341</u>	<u>18,927,444</u>	<u>20,271,271</u>	<u>18,730,085</u>	<u>34,806,245</u>
	165,413	252,792	100,582	8,872	87,174	524,249
	470,115	177,385	778,550	210,655	251,055	1,096,661
	<u>(2,141,203)</u>	<u>(982,217)</u>	<u>(1,635,101)</u>	<u>(1,986,932)</u>	<u>883,057</u>	<u>(10,519,844)</u>
	<u>(1,505,675)</u>	<u>(552,040)</u>	<u>(755,969)</u>	<u>(1,767,405)</u>	<u>1,221,286</u>	<u>(8,898,934)</u>
	<u>15,493,600</u>	<u>18,894,301</u>	<u>18,171,475</u>	<u>18,503,866</u>	<u>19,951,371</u>	<u>25,907,311</u>
	2,397,055	959,338	3,143,128	5,693,730	3,339,689	16,961,724
	<u>2,798,150</u>	<u>2,643,260</u>	<u>2,645,561</u>	<u>2,042,617</u>	<u>6,063,899</u>	<u>(1,457,117)</u>
\$	<u>5,195,205</u>	<u>\$ 3,602,598</u>	<u>\$ 5,788,689</u>	<u>\$ 7,736,347</u>	<u>\$ 9,403,588</u>	<u>\$ 15,504,607</u>

CITY OF GAINESVILLE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)

For the years ending September 30,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 978	\$ 547	\$ 6,597	\$ 7,944
Unassigned	<u>7,407,227</u>	<u>7,583,096</u>	<u>7,397,240</u>	<u>8,892,045</u>
Total General Fund	<u>\$ 7,408,205</u>	<u>\$ 7,583,643</u>	<u>\$ 7,403,837</u>	<u>\$ 8,899,989</u>
All Other Governmental Funds				
Nonspendable	\$ 1,409,953	\$ 1,427,979	\$ 1,467,761	\$ 1,511,950
Restricted	7,019,380	6,033,203	10,739,056	7,332,816
Assigned	6,855,425	6,012,458	6,787,488	6,793,616
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 15,284,758</u>	<u>\$ 13,473,640</u>	<u>\$ 18,994,305</u>	<u>\$ 15,638,382</u>

Source: Balance Sheets - Governmental Funds in City's ACFRs.

TABLE 3

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 8,532	\$ 12,702	\$ 5,245	\$ 6,718	\$ 254	\$ 297
<u>8,916,457</u>	<u>9,000,705</u>	<u>9,047,756</u>	<u>9,180,278</u>	<u>9,291,672</u>	<u>8,961,794</u>
<u>\$ 8,924,989</u>	<u>\$ 9,013,407</u>	<u>\$ 9,053,001</u>	<u>\$ 9,186,996</u>	<u>\$ 9,291,926</u>	<u>\$ 8,962,091</u>
\$ 1,566,844	\$ 1,630,284	\$ 1,645,150	\$ 1,685,620	\$ 1,685,620	\$ 1,813,625
5,489,080	2,788,917	5,993,638	5,570,760	11,001,498	19,141,889
9,929,496	9,040,941	7,688,026	11,089,745	12,662,344	12,723,016
-	22,846	-	-	-	793,324
<u>\$ 16,985,420</u>	<u>\$ 13,482,988</u>	<u>\$ 15,326,814</u>	<u>\$ 18,346,125</u>	<u>\$ 25,349,462</u>	<u>\$ 34,471,854</u>

CITY OF GAINESVILLE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

For the years ending September 30,	2014	2015	2016	2017
Revenues				
Ad valorem taxes	\$ 6,227,465	\$ 6,417,559	\$ 6,694,561	\$ 7,017,525
Sales taxes	6,622,880	6,167,640	5,404,024	5,403,311
Other local taxes/fees	2,002,165	2,040,775	1,940,453	1,896,032
Charges for services	1,091,780	846,746	1,059,423	1,077,957
License & Permits	275,221	265,032	300,804	451,322
Fines and forfeitures	394,361	382,478	530,929	411,158
Investment income	11,821	18,753	65,078	179,997
Intergovernmental revenues	260,794	50,600	325,203	91,970
Other income	1,315,154	389,004	981,607	462,327
Total Revenues	18,201,641	16,578,587	17,302,082	16,991,599
Expenditures				
General government	1,976,208	1,807,994	1,838,049	1,818,903
Community development	440,433	417,969	442,832	492,433
Finance	418,602	428,260	443,431	455,004
Public safety	7,848,716	8,089,744	8,305,934	8,428,432
Public works	3,105,835	3,133,526	3,440,987	3,407,905
Non-departmental	-	-	-	-
Additional payments on pension liability	-	-	-	-
Capital outlay	3,982,712	3,996,564	2,914,482	4,467,059
Debt service:				
Principal	1,371,400	1,429,204	1,355,894	1,379,709
Interest and fiscal charges	561,934	603,212	531,118	724,489
Bond issue costs and fees	79,487	-	-	-
Total Expenditures	19,785,327	19,906,473	19,272,727	21,173,934
Excess of revenues over (under) expenditures	(1,583,686)	(3,327,886)	(1,970,645)	(4,182,335)
Other Financing Sources (Uses)				
Issuance of bonds	5,095,637	-	7,715,806	-
Payment to refunding escrow agent	-	-	(3,210,454)	-
Premium (discount) on bonds	-	-	519,819	-
Transfers in	5,846,196	5,105,940	8,959,511	3,611,435
Transfers out	(3,735,339)	(3,240,616)	(6,448,452)	(1,288,871)
Net other financing sources (uses)	7,206,494	1,865,324	7,536,230	2,322,564
Net change in fund balances	\$ 5,622,808	\$ (1,462,562)	\$ 5,565,585	\$ (1,859,771)
Debt service as a percentage of noncapital expenditures	12.23%	12.77%	11.54%	12.59%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

TABLE 4

2018	2019	2020	2021	2022	2023
\$ 7,420,034	\$ 8,163,897	\$ 8,423,937	\$ 8,706,485	\$ 9,042,167	\$ 9,549,141
4,958,203	7,176,658	6,437,327	6,037,291	6,680,051	8,542,948
1,992,681	2,030,139	1,908,432	2,175,344	2,378,300	2,534,953
1,096,726	1,050,566	815,073	1,232,603	1,214,497	1,256,491
544,577	448,455	503,651	587,642	487,081	544,934
517,495	589,622	348,094	357,047	430,528	490,232
409,808	607,236	208,834	14,452	229,576	1,899,212
398,314	79,290	951,549	2,144,255	2,129,568	868,803
434,285	486,194	326,908	1,342,341	1,439,700	1,706,963
<u>17,772,123</u>	<u>20,632,057</u>	<u>19,923,805</u>	<u>22,597,460</u>	<u>24,031,468</u>	<u>27,393,677</u>
1,816,368	1,946,717	1,966,248	2,818,493	2,240,105	2,729,039
559,483	571,592	501,866	489,006	472,629	557,351
479,609	534,994	521,355	586,365	584,037	729,005
8,541,870	9,594,939	9,537,007	9,902,138	10,581,597	11,028,823
3,418,158	3,561,007	3,307,585	3,572,857	4,075,854	3,988,721
-	808	-	1,002	-	-
-	-	-	-	1,537,000	850,000
5,930,485	8,070,672	1,967,291	2,338,967	2,429,256	3,458,890
1,523,891	1,341,853	1,452,313	1,374,711	1,406,461	1,185,078
518,138	606,292	399,324	347,547	307,777	614,352
43,791	-	24,954	-	122,002	444
<u>22,831,793</u>	<u>26,228,874</u>	<u>19,677,943</u>	<u>21,431,086</u>	<u>23,756,718</u>	<u>25,141,703</u>
(5,059,670)	(5,596,817)	245,862	1,166,374	274,750	2,251,974
6,068,745	634,383	1,338,750	-	7,180,000	-
(1,778,240)	-	(1,336,293)	-	-	-
-	-	-	-	567,002	-
8,375,453	6,749,013	8,127,624	5,971,341	7,537,551	21,240,012
<u>(6,234,250)</u>	<u>(5,187,714)</u>	<u>(6,492,523)</u>	<u>(3,984,409)</u>	<u>(8,420,608)</u>	<u>(10,720,168)</u>
<u>6,431,708</u>	<u>2,195,682</u>	<u>1,637,558</u>	<u>1,986,932</u>	<u>6,863,945</u>	<u>10,519,844</u>
<u>\$ 1,372,038</u>	<u>\$ (3,401,135)</u>	<u>\$ 1,883,420</u>	<u>\$ 3,153,306</u>	<u>\$ 7,138,695</u>	<u>\$ 12,771,818</u>
<u>12.08%</u>	<u>10.73%</u>	<u>10.45%</u>	<u>9.02%</u>	<u>8.04%</u>	<u>8.29%</u>

CITY OF GAINESVILLE, TEXAS

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

Fiscal Year	Real Property		Personal Property		Exemptions (2)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2014	\$782,540,421	\$782,540,421	\$474,402,069	\$474,402,069	\$391,579,277
2015	806,604,990	806,604,990	485,569,221	485,569,221	437,096,239
2016	805,382,183	805,382,183	451,099,647	451,099,647	396,045,788
2017	837,693,898	837,693,898	543,466,902	543,466,902	458,456,234
2018	853,116,994	853,116,994	510,737,407	510,737,407	423,081,080
2019	939,547,849	939,547,849	575,320,726	575,320,726	479,512,895
2020	1,080,438,626	1,080,438,626	446,336,220	446,336,220	418,621,033
2021	1,184,242,814	1,184,242,814	403,662,015	403,662,015	452,926,761
2022	1,290,821,574	1,290,821,574	403,099,575	403,099,575	476,116,144
2023	1,671,138,205	1,671,138,205	388,925,105	388,925,105	667,056,305

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

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

**Property Tax Assessed Value
Ten Year History**

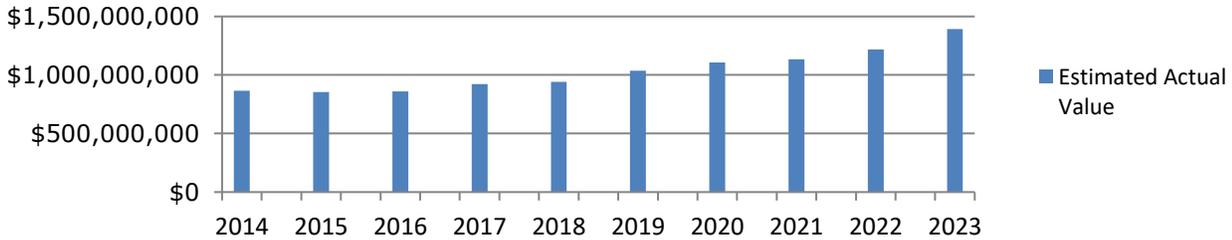


TABLE 5

Assessed Value	Total Estimated Actual Value	Total Direct Tax Rate	Ratio of Total Assessed Value To Total Estimated Actual Value	
\$865,363,213	\$865,363,213	0.646000	100.0%	Certification at 9/24/2013
855,077,972	855,077,972	0.687822	100.0%	Certification at 8/7/2014
860,436,042	860,436,042	0.697822	100.0%	Certification at 7/21/2015
922,704,566	922,704,566	0.705030	100.0%	Certification at 7/18/2016
940,773,321	940,773,321	0.722540	100.0%	Certification at 7/18/2017
1,035,355,680	1,035,355,680	0.722540	100.0%	Certification at 7/19/2018
1,108,153,813	1,108,153,813	0.696290	100.0%	Certification at 7/18/2019
1,134,978,068	1,134,978,068	0.687500	100.0%	Certification at 7/20/2020
1,217,805,005	1,217,805,005	0.672100	100.0%	Certification at 7/19/2021
1,393,007,005	1,393,007,005	0.623900	100.0%	Certification at 7/20/2022

CITY OF GAINESVILLE, TEXAS

Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Gainesville			Cooke County		
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total County Rate
2014	0.44508	0.24274	0.68782	0.34940	0.02050	0.36990
2015	0.44560	0.25223	0.69782	0.34120	0.02740	0.36860
2016	0.43290	0.27213	0.70503	0.36520	0.01950	0.38470
2017	0.43290	0.27213	0.70503	0.36580	0.01890	0.38470
2018	0.46770	0.25480	0.72250	0.47520	0.01860	0.49380
2019	0.47930	0.21700	0.69630	0.41600	0.01800	0.43400
2020	0.47930	0.21700	0.69630	0.40530	0.01720	0.42250
2021	0.49740	0.17470	0.67210	0.28790	0.12500	0.41290
2022	0.49740	0.17470	0.67210	0.39620	0.01680	0.41300
2023	0.42970	0.14630	0.57600	0.19540	0.00380	0.19920

(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.

TABLE 6

Gainesville School District			Other (2)			Total
Operating Rate	Debt Service Rate	Total School Rate	Operating Rate	Debt Service Rate	Total Other Rate	
1.04000	0.25000	1.29000	1.14440	0.09830	1.24270	3.59042
1.04000	0.24000	1.28000	1.15270	0.13820	1.29090	3.63732
1.04000	0.24000	1.28000	1.16660	0.14330	0.00000	2.36973
1.17000	0.11000	1.28000	1.09270	0.12175	0.00000	2.36973
1.17000	0.11000	1.28000	1.17390	0.12610	0.00000	2.49630
1.06800	0.08000	1.14800	1.08600	0.13600	0.00000	2.27830
1.02160	0.08000	1.10160	1.03920	0.02500	1.06420	3.28460
1.02100	0.04100	1.06200	1.00470	0.12730	1.13200	3.27900
0.98200	0.08000	1.06200	1.04820	0.11550	1.16370	3.31080
0.75960	0.11400	0.87360	0.82380	0.36220	1.18600	2.83480

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CITY OF GAINESVILLE, TEXAS

TABLE 7

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Building Materials Corp of America (BMCA)	\$ 20,120,702	1	1.07%	\$ 17,893,730	4	2.07%
Safran Seats USA LLC (Zodiac)	18,735,754	2	0.99%			
Wal-Mart #185	18,475,514	3	0.98%	18,371,669	3	2.12%
Trident Process Systems	13,936,630	4	0.74%			
Atmos Energy	12,116,836	5	0.64%			
Suddenlink Communications	11,946,904	6	0.63%			0.00%
TERX Equipment LLC	11,840,114	7	0.63%			
SI Gainesville QOZB #2 LLC	11,680,510	8	0.62%			
Oncor Electric	11,162,250	9	0.59%	8,515,370	6	
PPG Industries Inc	10,971,536	10	0.58%			
Well Service Division				55,874,590	1	6.46%
Zodiac (formerly Weber Aircraft)				35,284,967	2	4.08%
Duraline Polypipe				13,078,768	5	1.51%
Enterprise FM Trust				8,247,680	7	0.95%
Karl Klement Properties				7,418,593	8	0.86%
Glen Polk Ford				6,291,084	9	0.73%
Home Depot USA				6,186,696	10	0.71%
Total Assessed Valuation	\$1,884,025,460		7.48%	\$865,363,213		19.49%

Source: Cooke County Appraisal District

CITY OF GAINESVILLE, TEXAS

Property Tax Levies and Collections (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u> (2)	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2014	6,162,316	6,084,320	98.7%	55,330	6,139,651
2015	6,472,700	6,354,971	98.2%	64,775	6,419,746
2016	6,646,443	6,579,772	99.0%	80,231	6,660,003
2017	7,115,523	7,002,592	98.4%	72,671	7,075,263
2018	7,406,189	7,326,583	98.9%	74,001	7,400,584
2019	8,162,217	6,380,040	78.2%	1,716,947	8,096,987
2020	8,416,769	8,270,669	98.3%	78,781	8,349,450
2021	8,561,520	8,534,116	99.7%	64,014	8,598,130
2022	8,974,262	8,854,186	98.7%	63,326	8,917,512
2023	9,572,740	9,348,967	97.7%	-	9,348,967

(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.

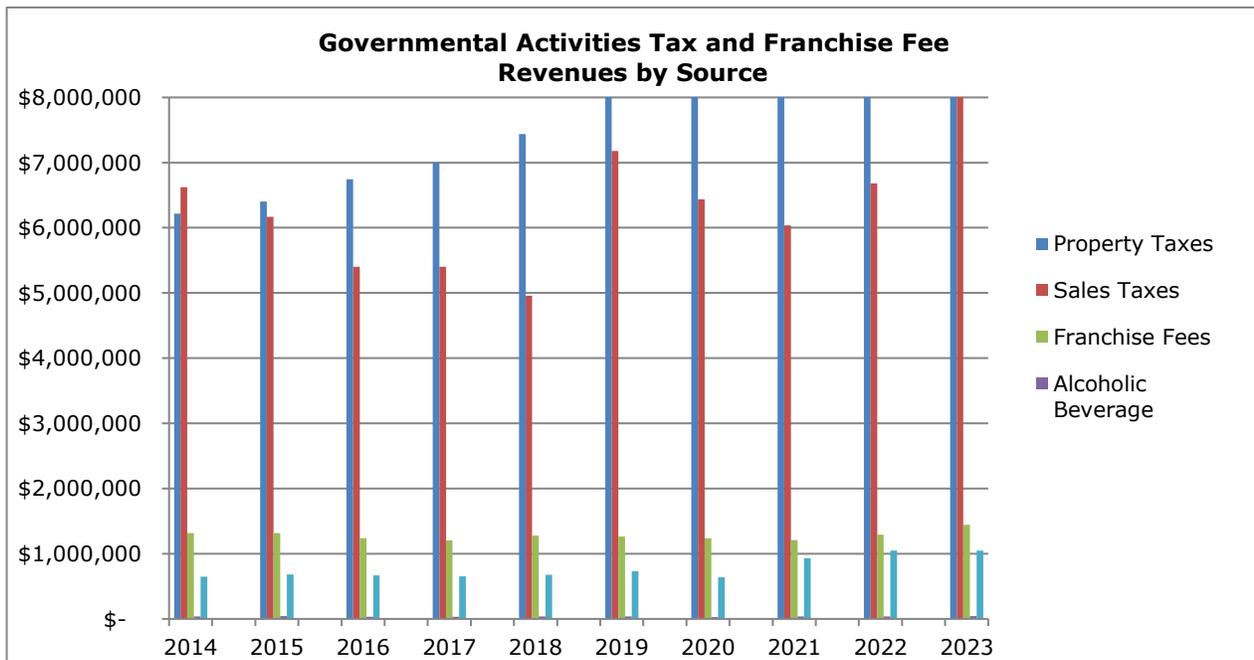
TABLE 8

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u> (1)	<u>Delinquent Taxes to Total Tax Levy</u>
99.6%	22,665	0.4%
99.2%	52,954	0.8%
100.2%	(13,560)	-0.2%
99.4%	40,260	0.6%
99.9%	5,605	0.1%
99.2%	65,230	0.8%
99.2%	67,319	0.8%
100.4%	(36,610)	-0.4%
99.4%	56,750	0.6%
97.7%	223,773	2.3%

Governmental Activities Tax and Franchise Fee Revenues by Source
Last Ten Fiscal Years

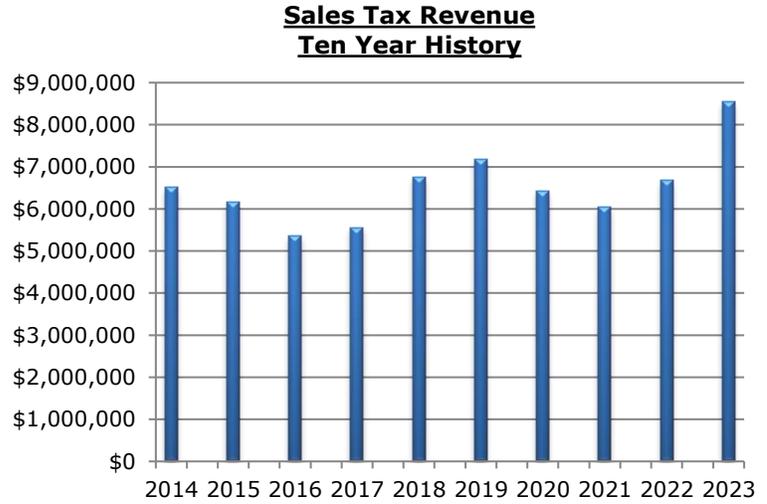
Fiscal Year	Property Taxes	Sales Taxes	Franchise Fees	Alcoholic Beverage Taxes	Occupancy Tax	Total
2014	\$6,216,770	\$6,622,880	\$1,314,767	\$ 37,416	\$ 649,982	\$ 14,841,815
2015	6,400,677	6,167,640	1,315,960	42,079	682,736	14,609,092
2016	6,742,089	5,404,024	1,240,790	34,207	665,456	14,086,566
2017	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
2023	9,602,325	8,542,948	1,443,328	41,846	1,049,779	20,680,226

Statement of Rev and Exp and changes in Fund Balances



Sales Tax Revenue
Last Ten Years

Fiscal Year	Sales Tax Revenue
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
2023	8,542,948



CITY OF GAINESVILLE, TEXAS

TABLE 11

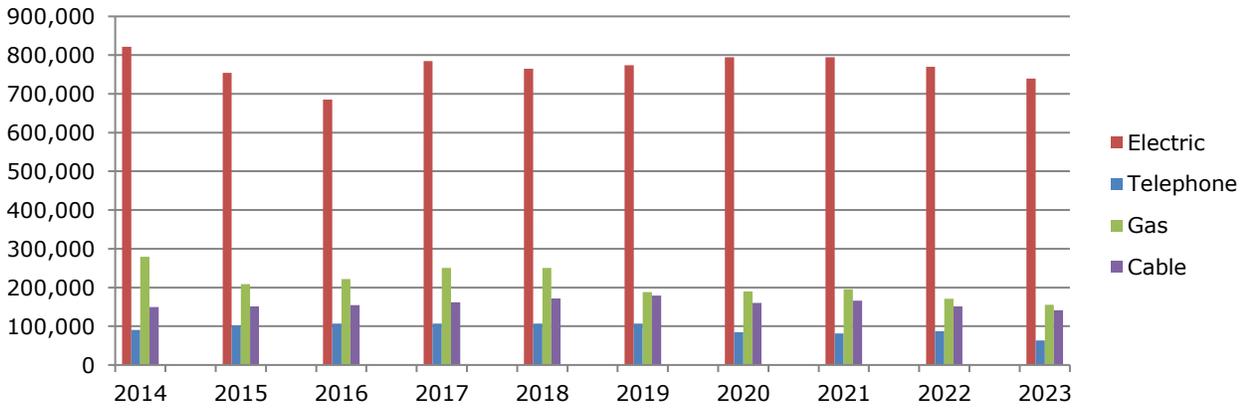
Direct and Overlapping Sales Tax Rates
Last Ten Years

<u>Fiscal Year</u>	<u>State of Texas</u>	<u>Cooke County</u>	<u>City of Gainesville</u>	<u>Gainesville Economic Development</u>	<u>Totals</u>
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%
2023	6.25%	0.50%	1.25%	0.25%	8.25%

Source: Texas State Comptroller's Office

Franchise Fees
Last Ten Fiscal Years

Fiscal Year	Electric	Telephone	Gas	Cable
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
2023	820,154	33,237	385,045	204,892



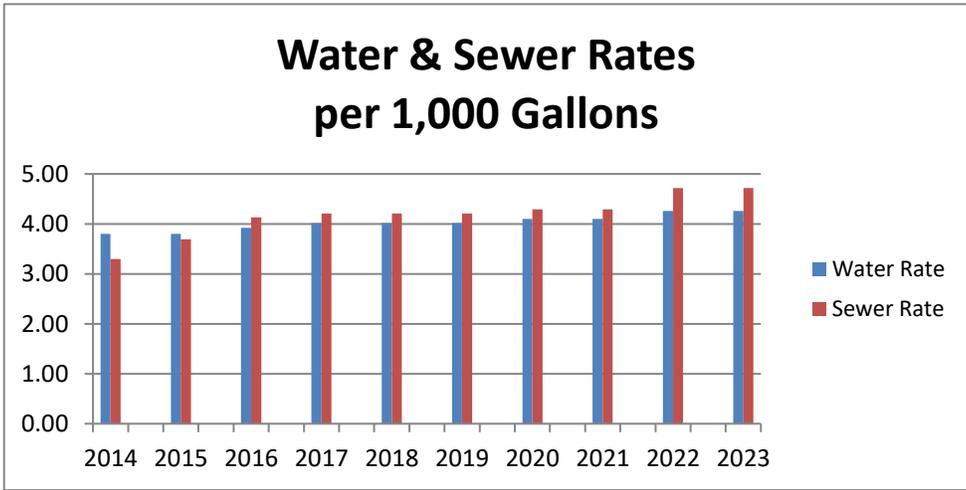
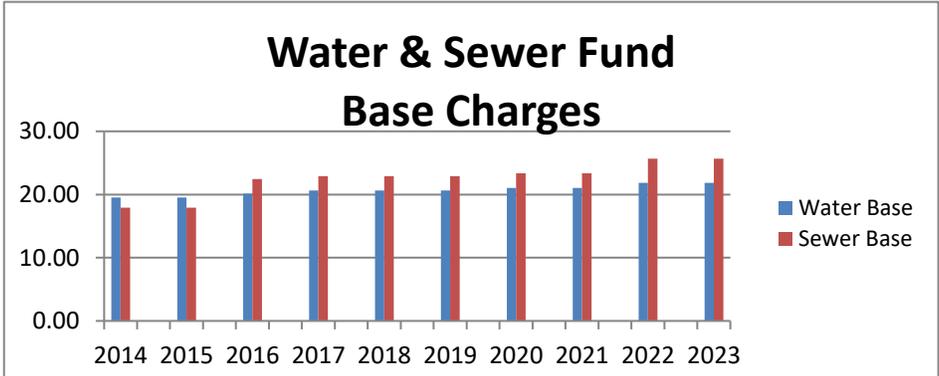
CITY OF GAINESVILLE, TEXAS

Water and Sewer Rates-Residential
Last Ten Years

<u>Fiscal Year</u>	<u>Water Base (per month)</u>	<u>Water Rate (per 1000 gals)</u>	<u>Sewer Base (per month)</u>	<u>Sewer Rate (per 1000 gals)</u>
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
2023	\$21.87	\$4.26	\$25.67	\$4.72

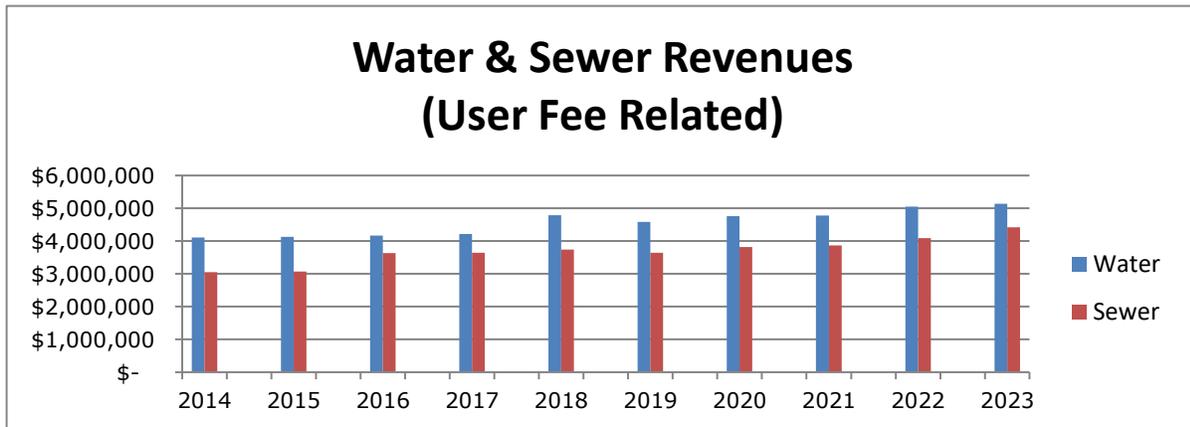
Source: City of Gainesville Customer Service

TABLE 13



Water and Sewer Revenues
Last Ten Fiscal Years

Fiscal Year	Water Related Revenues	Sewer Related Revenues	Total
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
2023	5,138,940	4,423,524	9,562,464



Ten Largest Consumers of Water
Current Year and Nine Years Ago

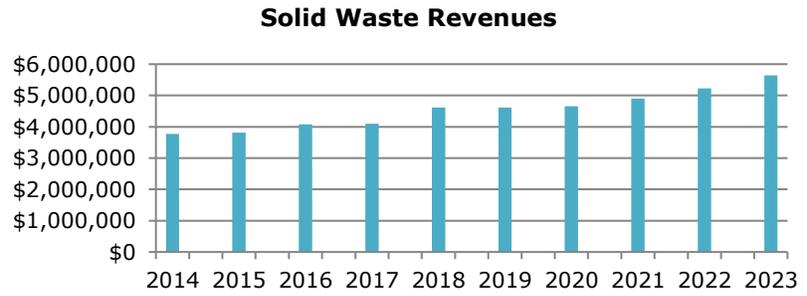
Customer	2023		2014	
	Total Consumption For Customer (in gallons)	Rank	Total Consumption For Customer (in gallons)	Rank
Gainesville State School	6,880,000	1	9,498,000	3
GAF Materials Corporation	6,856,070	2	4,985,100	6
Pecan Tree Rehab and Health Care	6,682,700	3	6,369,500	5
Austin Zachry	5,048,300	4		
Lexington Square Apartments	4,700,400	5		
Cooke County Justice Center	4,495,900	6	3,429,850	9
Polypipe, Inc.	4,165,200	7	7,259,400	4
Woodglen Apartments	3,715,600	8	3,918,400	8
City of Gainesville- Frank Buck Zoo	3,666,000	9	10,432,400	2
Petroflex N. A LTD	3,506,600	10		
Safran Seats USA LLC			14,924,000	1
Renaissance Care Center			4,297,500	7
River Valley Nursing and Rehab			3,348,000	10
Total Water Consumption	49,716,770		68,462,150	

Source: City of Gainesville Customer Service

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Solid Waste Fund Revenues
Last Ten Fiscal Years

Fiscal Year	Charges for Service Revenues
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
2023	\$5,643,195



CITY OF GAINESVILLE, TEXAS

Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation Bonds	Financing Arrangement	Premiums
2014	\$ 12,765,493	\$ 4,718,750	\$ -	\$ 460,143
2015	16,054,484	4,499,250	-	342,757
2016	14,812,775	2,494,500	-	849,850
2017	13,523,263	2,356,500	-	801,446
2018	10,065,466	6,204,610	156,000	744,419
2019	7,769,856	5,990,873	634,317	771,015
2020	6,764,811	4,384,698	472,872	727,134
2021	6,764,811	4,180,728	307,176	684,971
2022	5,737,081	11,152,558	136,615	1,121,175
2023	5,048,686	10,792,490	-	1,044,756

TABLE 17

Business-Type Activities			Total Primary Government	Percent of Personal Income	Official Per Capita
General Obligation Bonds	Certificates of Obligation Bonds	Premiums			
\$ 9,469,550	\$ 6,701,750	\$ 551,887	\$ 34,667,573	10.58%	2,166
7,189,508	16,815,750	1,076,394	45,978,143	14.03%	2,873
6,030,519	18,130,500	121,516	42,439,660	12.95%	2,652
4,977,228	17,403,500	995,404	40,057,341	12.10%	2,459
3,881,737	20,050,390	930,528	42,033,150	12.70%	2,580
5,554,534	19,159,127	871,529	40,751,251	12.31%	2,469
8,870,143	16,570,301	970,833	38,760,792	11.71%	2,349
8,015,190	15,679,271	916,909	36,549,056	9.76%	2,175
7,142,916	14,752,441	846,176	40,888,962	10.22%	2,337
6,436,111	22,942,509	1,572,787	47,837,339	11.68%	2,671

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

<u>Fiscal Year</u>	<u>Official Population (1)</u>	<u>Total Assessed Value (2)</u>	<u>General Bonded Debt (3)</u>	<u>Less Debt Service Fund (4)</u>
2014	16,002	\$ 1,228,567,333	\$ 22,204,998	\$ 1,063,979
2015	16,002	1,263,468,443	18,406,942	948,521
2016	16,502	1,227,392,630	19,955,001	1,244,098
2017	16,502	1,353,019,721	42,710,003	1,371,883
2018	16,502	1,337,365,224	39,550,003	1,439,783
2019	16,502	1,486,631,887	43,660,000	1,531,813
2020	16,502	1,482,408,632	37,975,000	1,602,220
2021	17,394	1,536,129,525	36,549,056	1,197,509
2022	17,500	1,632,283,591	38,784,996	1,904,108
2023	17,912	1,884,025,460	45,219,796	1,868,649

- (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.

TABLE 18

	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$	21,141,019	2.45%	1,321.15
	17,458,421	2.04%	1,091.01
	18,710,903	2.03%	1,133.86
	41,338,120	4.39%	2,505.04
	38,110,220	3.68%	2,309.43
	42,128,187	2.84%	2,552.91
	36,372,780	2.44%	2,204.14
	35,351,547	2.17%	2,032.40
	36,880,888	2.26%	2,107.48
	43,351,147	2.30%	2,420.23

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Direct and Overlapping Governmental Activities Debt
September 30, 2023

Jurisdiction	Total Debt Outstanding	Estimated Percent Applicable	Direct and Overlapping Funded Debt As of 9/30/23
Direct Debt:			
City of Gainesville	\$ 15,841,176	100%	\$ 15,841,176
Subtotal Direct Debt	15,841,176		15,841,176
Overlapping Debt:			
Cooke County	765,000	28%	214,353
Gainesville ISD	20,841,979	81%	16,907,013
Lindsey ISD	16,472,000	44%	7,242,738
Gainesville Hospital District	34,215,000	33%	11,417,546
North Central Texas Community College	11,485,000	22%	2,488,800
Subtotal Overlapping Debt	83,778,979		38,270,450
Total Direct and Overlapping Debt	99,620,155		54,111,626

Ratio of direct and overlapping bonded debt to taxable assessed valuation 3.43%

Per capita direct and overlapping bonded debt 3,021

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: Hilltop Securities

CITY OF GAINESVILLE, TEXAS

Legal Debt Margin Information
Last Ten Years
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 5,657	\$ 12,429	\$ 12,975	\$ 14,910	\$ 13,703
Total Net Debt Applicable to Limit	2,118	1,933	2,032	1,887	2,104
Legal Debt Margin	1,187	(3,271)	(3,272)	(124)	(1,983)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	37.44%	15.55%	15.66%	12.66%	15.35%

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

TABLE 20

2019	2020	2021	2022	2023
\$ 12,339	\$ 11,126	\$ 10,340	\$ 9,001	\$ 5,759
2,042	1,948	1,851	1,723	1,714
(6,117)	(80)	3,070	7,543	8,467
16.55%	17.51%	17.90%	19.14%	29.76%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 1,884,025
Add back: exempt real property	306,348
Total assessed value	1,577,678
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

CITY OF GAINESVILLE, TEXAS

TABLE 21

Revenue Bond Coverage
Water and Sewer Fund
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal and Interest Payments (3)</u>	<u>Coverage</u>
2014	\$ 7,499,164	\$ 4,744,612	\$ 2,754,552	\$ 952,678	2.89
2015	7,966,390	6,174,754	1,791,636	1,240,965	1.44
2016	7,541,024	5,565,217	1,975,807	1,715,148	1.15
2017	8,111,187	5,928,017	2,183,170	1,737,851	1.26
2018	7,863,520	5,389,711	2,473,809	1,701,289	1.45
2019	8,614,646	5,565,108	3,049,538	1,608,745	1.90
2020	8,227,772	4,805,130	3,422,642	1,630,669	2.10
2021	8,286,736	4,697,223	3,589,513	1,438,469	2.50
2022	9,229,306	4,798,453	4,430,853	1,439,239	3.08
2023	10,422,542	4,117,872	6,304,670	1,423,227	4.43

(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

TABLE 22

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)
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%
2023	17,912	\$ 409,629,528	22,869	34	3,114	79.90%	3.50%

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

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CITY OF GAINESVILLE, TEXAS

TABLE 23

Ten Largest Employers
Fiscal Year 2023 and 2014

Employer	2023			2014		
	Number of Employees FTE	Rank	Percent of Total County Employment	Number of Employees FTE	Rank	Percent of Total County Employment
WinStar Casino	2,180	1	13.03%	4,000	1	17.59%
Safran (formerly Zodiac/Weber)	1,007	2	6.02%	1,800	2	7.92%
Gainesville ISD	425	3	2.54%	380	4	1.67%
North Central Texas College	236	4	1.41%	275	7	1.21%
Wal-Mart	350	5	2.09%	427	3	1.88%
North Texas Medical Center (NTMC)	236	6	1.41%			0.00%
Cooke County	290	7	1.73%			0.00%
IFS Coatings	258	8	1.54%			
Gainesville State School	247	9	1.48%	372	5	1.64%
City of Gainesville	220	10	1.31%			
Select Energy Services				150	10	0.66%
North Texas Medical Center				372	6	1.64%
Cooke County				265	8	1.17%
Complete Energy Services				257	9	1.13%
Totals	5,449		32.56%	8,298		36.50%

CITY OF GAINESVILLE, TEXAS

Full-time Equivalent Employees by Function
Last Ten Years

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Administration	4	5	3	3	3	3
Information Technology	0	0	1	1	1	1
Human Resources	2	2	2	2	2	2
Municipal Court	5	4	4	4	4	4
Civic Center	2	2	2	2	2	2
Community Development	5	5	5	6	6	6
Finance	4	4	4	4	4	4
Economic Development	5	5	5	5	5	5
Police	55	56	56	56	56	56
Fire	42	42	42	42	42	42
Streets	7	7	7	7	7	7
Garage	4	4	4	4	4	4
Parks	16	16	17	17	17	18
Frank Buck Zoo	15	17	17	17	17	17
Cemetery	5	5	5	5	5	5
Golf Course	7	7	6	6	6	6
Water	21	21	20	20	20	21
Wastewater	17	17	17	17	16	14
Airport	3	3	3	3	3	3
Stormwater Utility	2	2	2	2	2	2
Solid Waste - Collection	12	12	12	13	13	13
Solid Waste - Disposal	2	2	2	2	2	3
Total	235	238	236	238	237	238

Source: City of Gainesville Human Resources department.

TABLE 24

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
3	3	3	3
1	1	1	1
2	2	2	2
4	4	4	4
2	2	2	2
6	6	6	6
4	4	4	4
5	5	5	5
59	59	59	59
42	42	42	42
7	7	7	7
4	4	4	4
18	18	18	19
17	17	17	17
5	5	4	4
6	6	6	6
21	20	20	20
14	14	14	14
3	3	3	3
2	2	2	2
13	13	13	13
3	3	3	4
241	240	239	241

CITY OF GAINESVILLE, TEXAS

Operating Indicators by Function
Last Ten Years

Function	2014	2015	2016	2017	2018	2019
Police						
Calls for Service	28,743	31,673	34,558	32,026	32,260	28,382
Arrests	1,023	1,285	1,392	1,222	1,356	1,041
Municipal Court						
Cases Filed	4,091	5,000	6,612	5,447	6,293	6,522
Cases Disposed	4,580	5,000	2,442	5,648	5,493	6,399
Class C Warrants Filed	1,789	1,000	1,854	1,617	2,252	2,762
Juvenile Cases Filed	175	175	146	117	217	134
Fire						
Number of calls	874	954	2,461	2,670	3,111	3,124
Number of fires	174	240	143	169	286	145
Rescue/EMS incidents	200	210	1,544	1,829	1,825	1,908
Streets						
Potholes Patched	5,751	7,529	4,608	2,701	3,374	4,461
Storm drains cleaned	122	137	126	93	122	446
Miles of streets swept	1,098	864	690	1,595	868	900
Golf Course						
Rounds of golf	7,853	9,100	7,435	9,216	10,331	8,565
Community Development						
Building Permits	973	1,069	1,258	1,168	1,022	1,200
Value of Building Projects (in thousands) *	17,732	21,289	15,919	28,960	34,752	17,224
Number of Inspections	1,593	866	878	982	1,153	1,268
Finance						
Number of invoices paid	7,284	6,985	7,372	6,700	7,528	6,700
Received CAFR award	Yes	Yes	Yes	Yes	Yes	Yes
Received Budget Presentation award	Yes	Yes	Yes	Yes	Yes	Yes
Number of Payroll checks prepared	6,214	6,063	6,062	6,176	5,936	6,175
Water System						
Number of water customers	6,182	6,200	6,074	6,109	6,116	7,363
New Connects	1,419	1,525	1,344	1,313	1,281	1,431
Daily average water consumption (mil gls)	2.4	2.10	2.10	2.10	2.10	2.10
Maximum daily pumping capacity (mil gls)	6.8	6.80	6.80	6.80	6.70	6.80
Maximum storage capacity (mil gls)	3.8	3.80	3.80	3.80	4.03	4.00
Wastewater System						
Number of wastewater customers	6,013	5,964	5,775	5,805	5,816	7,151
Daily average treatment(mil gls)	1.6	2.27	2.20	1.60	1.80	2.49
Maximum daily treatment capacity(mil gls)	4.1	4.14	10.00	4.14	4.14	4.14
Airport						
Gallons of aviation fuel pumped	260,944	265,306	311,236	323,952	334,975	334,670

Source: Various City departments.

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

TABLE 25

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
27,129	26,237	29,362	28,009
819	757	824	861
3,941	3,828	5,312	5,530
3,354	4,673	4,471	5,065
1,280	2,365	1,990	1,903
164	129	189	113
3,302	3,615	3,621	3,832
170	135	178	135
2,050	2,242	2,388	2,600
4,491	3,903	2,366	3,847
604	465	164	156
703	737	587	452
9,142	9,793	10,480	17,934
1,476	1,389	1,135	1,002
15,493	33,688	13,759	24,515
1,308	1,389	1,784	3,092
5,736	7,259	6,801	7,087
Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes
6,213	6,009	5,877	5,984
7,475	7,516	6,377	6,307
1,236	1,265	1,167	1,037
2.30	2.55	2.15	2.10
6.80	7.53	7.84	7.53
4.00	4.00	4.00	4.00
7,157	7,176	7,114	6,161
2.61	1.85	1.34	1.43
4.14	4.14	4.14	4.14
359,090	397,701	348,326	348,326

CITY OF GAINESVILLE, TEXAS

Capital Asset Statistics by Function
Last Ten Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police						
Stations	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12
Fire						
Stations	3	3	3	3	3	3
Fire Hydrants	825	825	825	825	825	881
Fire Vehicles	13	13	12	12	12	14
Streets						
Miles of streets	129.71	129.71	129.71	129.71	129.71	129.71
Miles of streets maintained by City	96	96	96	96	96	96
Street Lights	1581	1581	1581	1581	1581	1572
Parks & Recreation						
Number of Community/Civic Centers	2	2	2	2	2	2
Number of park areas	24	24	24	24	24	24
Park acreage	212	212	212	212	226	266
Number of golf courses	1	1	1	1	1	1
Number of swimming pools	1	1	1	1	1	1
Number of splash pads						
Number of zoos	1	1	1	1	1	1
Miles of water mains	137.5	137.5	137.5	137.5	151	151
Number of Water Treatment Plants	1	1	1	2	1	1
Wastewater System						
Miles of wastewater mains	134	134	134	134	132	132
Miles of storm drainage mains	10	10	10	10	14	14
Number of Wastewater Treatment Plants	1	1	1	1	1	1
Sanitation						
Collection Trucks	12	12	13	5	5	9
Long Haul Trucks	4	4	4	4	4	3
Heavy Equipment Units	-	-	-	-	-	3
Vehicles	5	5	5	6	6	7
Carts	5857	5857	5563	5353	5364	6736
Airport						
Airport acreage	1317	1317	1297	1277	1277	1277
Number of runways	2	2	2	2	2	2
Number of hangars	6	6	6	6	6	6

Source: Various City Departments

TABLE 26

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1	1	1	1
12	12	11	11
3	3	3	3
913	913	903	909
13	13	13	13
129.71	129.71	129.71	202
96	96	102	108
1573	1573	1588	1573
2	2	2	1
24	24	24	23
266	266	266	266
1	1	1	1
1	1	1	1
			1
1	1	1	1
151	151	153	153
1	1	1	1
132	132	129	125
14	14	14	15
1	1	1	1
10	10	10	11
3	3	6	8
7	7	7	7
6	6	6	8
6773	6889	6495	6582
1277	1277	1277	1200
2	2	2	2
6	6	6	21

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Gainesville

Totally Texas. All American.