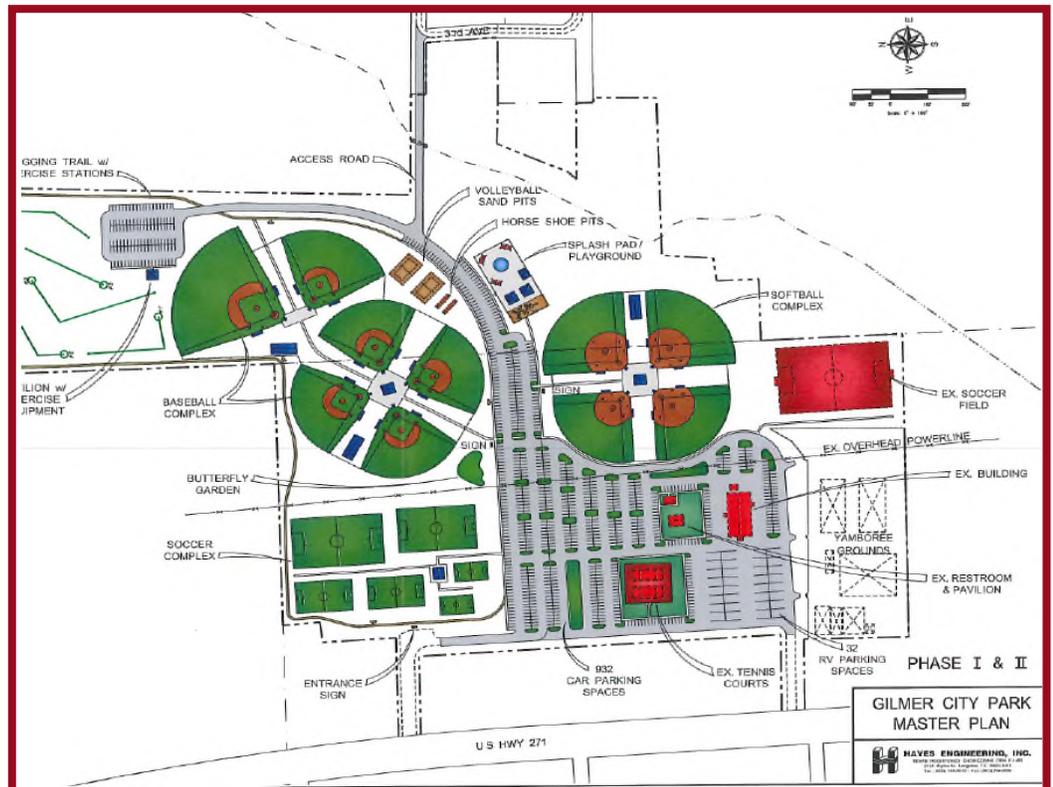


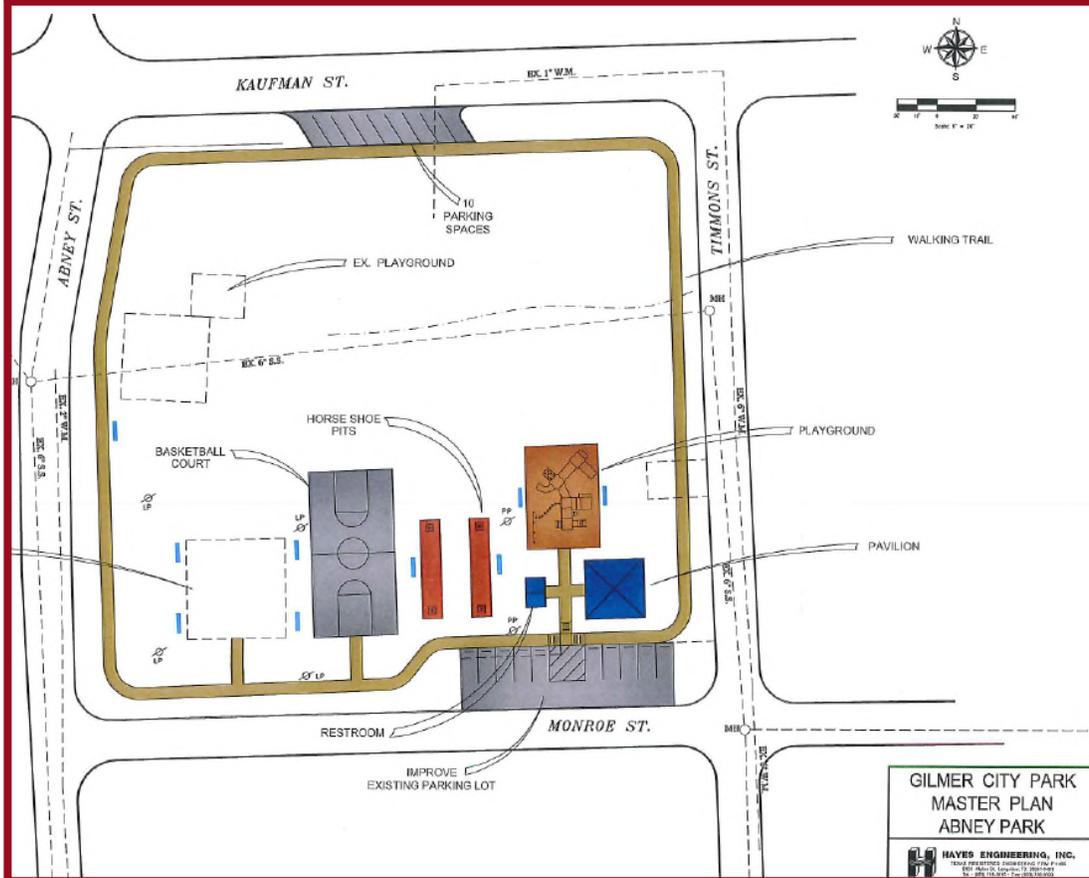


Your Community At Your Fingertips

110 Buffalo Street
 Gilmer, Texas 75644
 (903) 843-2552 | Gilmer-TX.com



Enhancing the Quality of Life In Gilmer



CITY OF GILMER, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

ISSUED BY

CITY OF GILMER, TEXAS

GREG HUTSON
CITY MANAGER

City of Gilmer, Texas
Annual Comprehensive Financial Report
For The Year Ended September 30, 2021

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Letter of Transmittal.....	3	
Organizational Chart.....	7	
GFOA Certificate of Achievement.....	8	
List of Principal Officials.....	9	
FINANCIAL SECTION		
Independent Auditors' Report.....	11	
Management's Discussion and Analysis (Required Supplementary Information).....	14	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	23	A-1
Statement of Activities.....	24	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	26	A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	28	A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	30	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	32	A-6
Statement of Revenues, Expenditures and Changes in Fund		
Balances - Budget (GAAP Basis) and Actual - General Fund.....	33	A-7
Statement of Revenues, Expenditures and Changes in Fund		
Balances - Budget (GAAP Basis) and Actual - Economic Development Fund.....	34	A-8
Statement of Net Position - Proprietary Funds.....		
Statement of Revenues, Expenses, and Changes in	35	A-9
Fund Net Position - Proprietary Funds.....	36	A-10
Statement of Cash Flows - Proprietary Funds.....	37	A-11
Notes to the Financial Statements	38	
<u>Required Supplementary Information</u>		
Schedule of the City's Proportionate Share of the		
Net Pension Liability - Texas Emergency Services Retirement System.....	65	A-12
Schedule of City's Contributions - Texas Emergency Services Retirement System.....	66	A-13
Schedule of Changes in the City's Net Pension Liability		
And Related Ratios - Texas Municipal Retirement System	67	A-14
Schedule of City's Contributions - Texas Municipal Retirement System.....	68	A-15
Schedule of City's Contributions - Supplemental Death Benefits Fund Administered by		
Texas Municipal Retirement System.....	69	A-16
Schedule of Changes in the City's Total OPEB Liability		
And Related Ratios - Supplemental Death Benefits Fund Administered by		
Texas Municipal Retirement System.....	70	A-17

City of Gilmer, Texas
Annual Comprehensive Financial Report
For The Year Ended September 30, 2021

TABLE OF CONTENTS

Page Exhibit

Combining Statements and Budgetary Comparison Schedules as Supplementary Information:

Special Revenue Funds:

Combining Balance Sheet - Nonmajor Special Revenue Funds.....	71	B-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	72	B-2

Budgetary Comparison Schedule:

Civic Center Fund.....	73	B-3
------------------------	----	-----

Debt Service Funds:

Budgetary Comparison Schedule:

Debt Service Fund.....	74	B-4
------------------------	----	-----

STATISTICAL SECTION

Net Position by Component.....	77	Table 1
General Revenues and Total Change in Net Position.....	78	Table 2
Fund Balances of Governmental Funds.....	80	Table 3
Changes in Fund Balances of Governmental Funds.....	82	Table 4
Assessed Value and Estimated Actual Value of Taxable Property.....	84	Table 5
Direct and Overlapping Property Tax Rates.....	85	Table 6
Principal Property Tax Payers.....	86	Table 7
Property Tax Levies and Collections.....	87	Table 8
Ratios of Outstanding Debt by Type.....	88	Table 9
Ratios of General Bonded Debt Outstanding.....	89	Table 10
Direct and Overlapping Governmental Activities Debt.....	90	Table 11
Legal Debt Margin Information.....	91	Table 12
Pledged-Revenue Coverage.....	92	Table 13
Demographic and Economic Statistics.....	93	Table 14
Principal Employers.....	94	Table 15
Full-Time Equivalent Employees by Function/Program.....	95	Table 16
Operating Indicators by Function/Program.....	96	Table 17
Capital Asset Statistics by Function/Program.....	97	Table 18

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	99
Schedule of Findings and Questioned Costs	101
Summary Schedule of Prior Audit Findings.....	102
Corrective Action Plan.....	103

Introductory Section



March 23, 2022

The Honorable Mayor and City Council
of the City of Gilmer

The Texas Local Government Code states that a municipality shall have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. The Annual Comprehensive Financial Report (ACFR) of the City of Gilmer, Texas (the "City") for the year ended September 30, 2021, is hereby submitted to fulfill that requirement.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City's financial affairs have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Karen A. Jacks & Associates, P.C., has issued an unmodified ("clean") opinion on the City of Gilmer's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (the "MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILES OF THE CITY

The City of Gilmer, founded in 1848, is the county seat of Upshur County. Gilmer is located 35 miles northeast of Tyler and 22 miles northwest of Longview. The city's namesake is Thomas W. Gilmer who died during the test firing of a new cannon on the USS *Princeton* on February 28, 1844. The City has a population of 5,100 within the Gilmer ISD school district. Gilmer ISD operates 1 elementary school, 1 intermediate school, 1 junior high, and 1 high school within city boundaries. The City of Gilmer operates under a council-manager form of government. The governing body is comprised of 2 at large elected council members, and 4 council members elected from their respective districts. The governing body is made up of a Mayor and six Council members. Length of office for all Council members and the Mayor are two-year staggered terms. The City Council appoints the City Manager, City Attorney, and Municipal Court Judge. All other staff members work either directly or indirectly under the direction of the City Manager.

The combined Financial Statements of the City of Gilmer include all governmental activities, business-type activities, organizations, and functions for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City's combined financial statements are based upon and consistent with those set forth in Section 2100 of GASB's "Codification of Governmental Accounting and Financial Reporting Standards". Based on this criterion the Gilmer Economic Development Corporation is included in this report as a component unit of the City of Gilmer.

The City Council appoints its boards and commissions, which do not meet the established criteria for inclusion in the reporting entity and are therefore excluded from this report. They are the following:

1. Planning & Zoning
2. Board of Adjustments
3. Airport Advisory Board
4. Gilmer Housing Authority
5. Park Advisory Board
6. Condemnation Board

Currently, the City Council serves in these capacities. The City provides services to its citizens that are considered necessary and meaningful and that can be provided by the City at a reasonable cost. Major service provided under general government and enterprise functions are: police and fire protection, water, wastewater, solid waste, street upkeep and maintenance, stormwater, and general administrative services. Other services include code enforcement, building inspection, animal control, and economic development. The City operates a municipal court as established by City ordinance.

LOCAL ECONOMY

The City of Gilmer, the Northeast Texas Region, and the State of Texas have experienced steady economic growth over the last several years with continued expansion expected. The population (area and city) is expected to increase over the next few years. As such, the number and types of businesses will increase within the city. Types of existing businesses supporting the local economy include manufacturing, feed stores, repair businesses, restaurants, convenience stores, motels, retail, and other service-oriented businesses. The City's major sources of revenue are sales and ad valorem property taxes which have seen steady improvements over the years.

City finances continue to improve with improving property tax collections as a result of higher property valuations, higher sales tax receipts, and improvement in other areas of city revenue. The City's sales tax continues to improve year over year in spite of the challenges COVID presented to the community. As people stay closer to home, so do their sales tax dollars which benefit city finances. Real estate is booming in and around Gilmer which should bode well for city finances in the near future.

The area unemployment rate for FY 2021 ranged from a high of 8.2% in February to a low of 5.5% in September. The state unemployment rate ending FY 2021 was 5.1%. The unemployment rate continues to improve as the county, state, and nation recover from the COVID pandemic.

The City and area economic development groups continue to combine efforts to make Gilmer and the surrounding area a better place to live, work, and play. The Economic Development Corporation, Gilmer Industrial Foundation, Upshur Area Business Roundtable, and Gilmer Area

Chamber of Commerce are committed to marketing the City's assets and encouraging business relocation, retention, and entrepreneurial activity. The City of Gilmer is seeing continued growth and management believes we will continue to see increases in population and future development projects.

LONG-TERM FINANCIAL PLANNING

The City's overall financial position is sound. While some areas of the city finances continue to take a "hit" due to the pandemic, overall, the effect was marginal at best. The reserves in all funds are adequate and will continue to increase over the next 3-5 years. Continued focus by management on cost containment and increased revenues are crucial toward meeting this ongoing objective. In addition, these reserves are monitored which is accomplished through continual refinement of long-range fund projections.

Improvements to water and sewer infrastructure are in process using American Rescue Plan Act (ARPA) funds allocated to the city this year. Such improvements are a top priority for city leadership and will significantly improve sustainability within the City.

FINANCIAL PROCEDURES AND BUDGETARY CONTROLS

The City's accounting records for general government 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 are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis. The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's financial management staff, and expenditure estimates by each City's division. Budgets are reviewed by the City Manager who submits a recommended budget to the City Council. The City Council approves all budget amendments.

MAJOR INITIATIVES

Major initiatives completed during the fiscal year include:

- New generators (stationary & mobile) for wastewater treatment, pump stations, and other wells
- Airport LED runway lighting
- Parks TPWD grant applications for Abney & Yamboree Parks
- Redemption & Refunding of Sales Tax Revenue Bonds, Series 2011
- Issuance of Combination Tax & Revenue Certificates of Obligation, Series 2021 for Parks
- 2020 Street Improvements
 - Abney Street (Frazier to Clark)
 - Walnut Street (Montgomery to Bledsoe)
 - Mary Street (Montgomery to Bledsoe)
 - Pecan Street (Montgomery to Cherokee Trace)
 - Pecan Street (Montgomery to Bledsoe)
 - Mitchell (Walnut to Mary)

Projects currently in process and/or undertaken in this fiscal year include:

- Airport GPS approach activation (requires clearances & respective survey)
- Water generator projects for Harrison St Pump station, well #6, transfer switches, and mobile generator

Projects (short term & long term) planned for the future include:

- Park improvements/upgrades
- Wastewater plant/Civic Center generator project
- Comprehensive Plan
- Security cameras on town square

OTHER INFORMATION

In March, the City Manager opened the doors of city hall. They had been closed for a year, to mitigate any spread of COVID. However, during the closure we continued to do business with citizens and the public without interruption. This was only possible because of the presence of a drive-thru (as this building was previously a bank) that was activated so that the public could continue to transact business with the city. Also, the Civic Center was reopened after a 2.5-month closure. Events that had been cancelled slowly started coming back and life is getting back to some sense of normalcy.

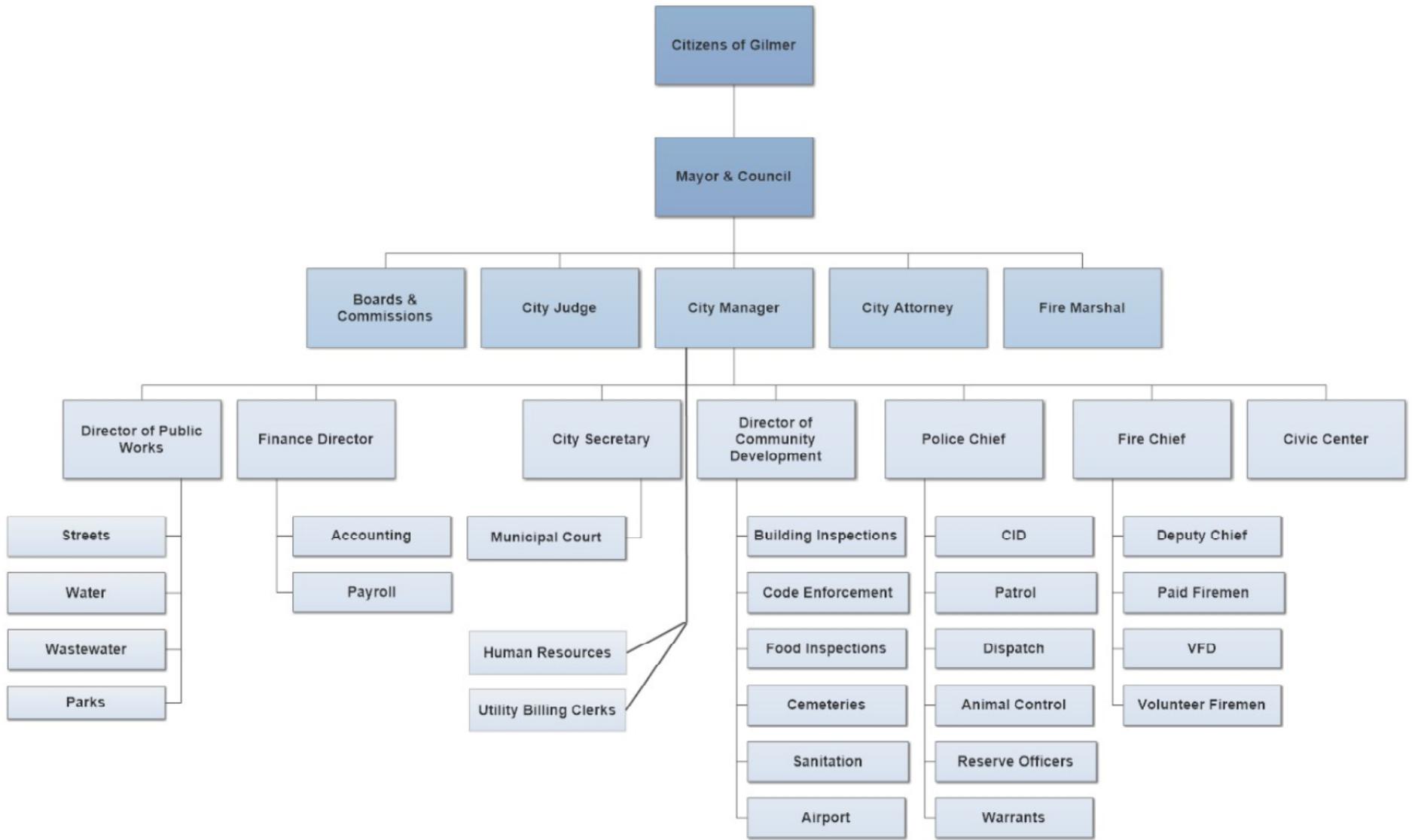
Lastly, the preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report. Due credit is also given to the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Greg Hutson
City Manager

City of Gilmer Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Gilmer
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF GILMER, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2021

Elected Officials

<u>Name</u>	<u>Office</u>
Tim Marshall	Mayor
William Hornsby	Council Member
Marty Jordan	Council Member
Brian Williams	Council Member
Jasmine Cunningham	Council Member
Michael Chevalier	Council Member
Jarom Tefteller	Council Member

Appointed Officials

<u>Name</u>	<u>Position</u>
Greg Hutson	City Manager
Maria Cisneros	City Secretary

This page is left blank intentionally.

Financial Section

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

P.O. Box 3167
Longview, Texas 75606

1501 Colony Circle
Longview, Texas 75604

Phone: 903-238-8822

Fax: 903-238-9838

Karen A. Jacks, CPA, CGMA
Peggy J. Lantz, CPA

Chanie A. Johnson, CPA

Independent Auditors' Report

Honorable Mayor and City Council
City of Gilmer, Texas
110 Buffalo
Gilmer, Texas 75644

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gilmer, Texas ("the City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gilmer, Texas as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budget comparison for the General Fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of the City's proportionate share of the net pension liability (TESRS), schedule of City pension contributions (TESRS), schedule of changes in the City's net pension liability (TMRS), schedule of the City pension contributions (TMRS), schedule of City OPEB contributions and schedule of changes in the City's total OPEB liability and related ratios identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gilmer, Texas' basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022 on our consideration of City of Gilmer, 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 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 Gilmer, Texas' internal control over financial reporting and compliance.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.

Longview, Texas
March 23, 2022

City of Gilmer, Texas

Management's Discussion and Analysis

For Year Ended September 30, 2021

As management of the City of Gilmer, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information in the City's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The City of Gilmer's assets and deferred outflows of resources at September 30, 2021 totaled \$44,484,391 compared to its liabilities and deferred inflows of resources of \$18,290,491; the excess of assets over liabilities (net position) was \$26,193,900. The City's total net position increased by \$1,896,808 which includes an immaterial prior period adjustment described further on page 63.
- During the year ended September 30, 2021, Gilmer EDC approved the redemption (in the amount of \$1,364,050) and refunding of Sales Tax Revenue Bonds, Series 2011, maturing 2021-2034 resulting in a net present value savings of \$717,608 and debt service savings of \$2,078,151 over the remaining term of the refunded bond.
- The City issued Combination Tax & Revenue Certificates of Obligation, Series 2021 with a par amount of \$5,945,000 plus a premium of \$674,712, and accrued interest of \$7,269 for a total of \$6,626,981. These funds will be used for park improvements and upgrades.
- The Civic Center received funds in the amount of \$38,560 from U.S. Small Business Administration Shuttered Venue Operators Grants.
- The City received 1 of 2 ARPA installments in the amount of \$637,182 in September, 2021. The 2nd installment is scheduled to be received in September, 2022 in the amount of \$637,182. These funds will be used to improve the water, sewer, and wastewater treatment system in the City. Approximately \$270,000 of FY2020 budgetary surplus resulting from CARES grant COVID-19 federal assistance will be used to purchase a 200kw stationary generator for the Harrison Street pump station and a 150kw stationary generator for Well #6. In addition, 1 mobile trailer mounted generator was purchased. The purchase and installation of generators and transfer switches significantly improves the sustainability of the water system during loss of power.
- The General Fund revenues were \$3,905,092 with expenditures of \$3,587,415. There were also net transfers into the General Fund from other funds of \$349,188 which resulted in an increase to fund balance of \$666,865. At September 30, 2021 the General Fund had a fund balance of \$2,919,496.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains 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 of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or 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 fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing 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, earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 and administration and public safety. The business-type activities of the City include water and sewer, airport and sanitation operations.

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. All of the funds of the City can be divided into two major 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 current sources and uses 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 a 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 government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four major 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, Economic Development, Debt Service, and Parks Capital Projects funds. Data from the other non-major funds are combined into a single, aggregated presentation.

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 and sewer, airport and sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water & Sewer and Sanitation funds since they are considered to be major funds of the City. The Airport fund is also included as an Enterprise fund, but is maintained separately.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Gilmer, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,193,900, as of September 30, 2021, an increase of \$1,896,808 from the previous year which includes an immaterial prior period adjustment described further on page 63.

The largest portion of the City's net position, 74.71%, reflects its net investment in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service 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.

CITY OF GILMER'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 4,566,325	\$ 10,758,123	\$ 3,705,533	\$ 4,668,297	\$ 8,271,858	\$ 15,426,420
Capital assets	11,305,401	10,656,555	18,269,095	17,775,250	29,574,496	28,431,805
Total assets	<u>15,871,726</u>	<u>21,414,678</u>	<u>21,974,628</u>	<u>22,443,547</u>	<u>37,846,354</u>	<u>43,858,225</u>
Deferred outflows related to pensions	213,130	196,795	55,261	51,963	268,391	248,758
Deferred outflows related to OPEB	18,077	32,291	4,805	8,868	22,882	41,159
Loss on defeasance of debt	-	69,544	302,556	266,705	302,556	336,249
Total deferred outflows of resources	<u>231,207</u>	<u>298,630</u>	<u>362,622</u>	<u>327,536</u>	<u>593,829</u>	<u>626,166</u>
Current liabilities	765,147	916,704	961,901	934,023	1,727,048	1,850,727
Noncurrent liabilities, due in more than one year	5,093,680	9,765,514	6,871,028	6,141,959	11,964,708	15,907,473
Total liabilities	<u>5,858,827</u>	<u>10,682,218</u>	<u>7,832,929</u>	<u>7,075,982</u>	<u>13,691,756</u>	<u>17,758,200</u>
Deferred inflows related to pensions	341,661	404,985	93,581	110,672	435,242	515,657
Deferred inflows related to OPEB	12,713	13,050	3,380	3,584	16,093	16,634
Total deferred inflows of resources	<u>354,374</u>	<u>418,035</u>	<u>96,961</u>	<u>114,256</u>	<u>451,335</u>	<u>532,291</u>
Net position:						
Capital assets	7,039,867	8,048,209	11,400,545	11,520,465	18,440,412	19,568,674
Restricted	1,936,525	7,457,551	89,166	724,942	2,025,691	8,182,493
Unrestricted	313,340	(4,892,705)	2,917,649	3,335,438	3,230,989	(1,557,267)
Total net position	<u>\$ 9,289,732</u>	<u>\$ 10,613,055</u>	<u>\$ 14,407,360</u>	<u>\$ 15,580,845</u>	<u>\$ 23,697,092</u>	<u>\$ 26,193,900</u>

Analysis of the City's Operations- Overall the City had an increase in net position of \$1,896,808. Governmental activities increased the net position by \$723,323 and net position from business-type activities increased by \$1,173,485 which includes an immaterial prior period adjustment described further on page 63.

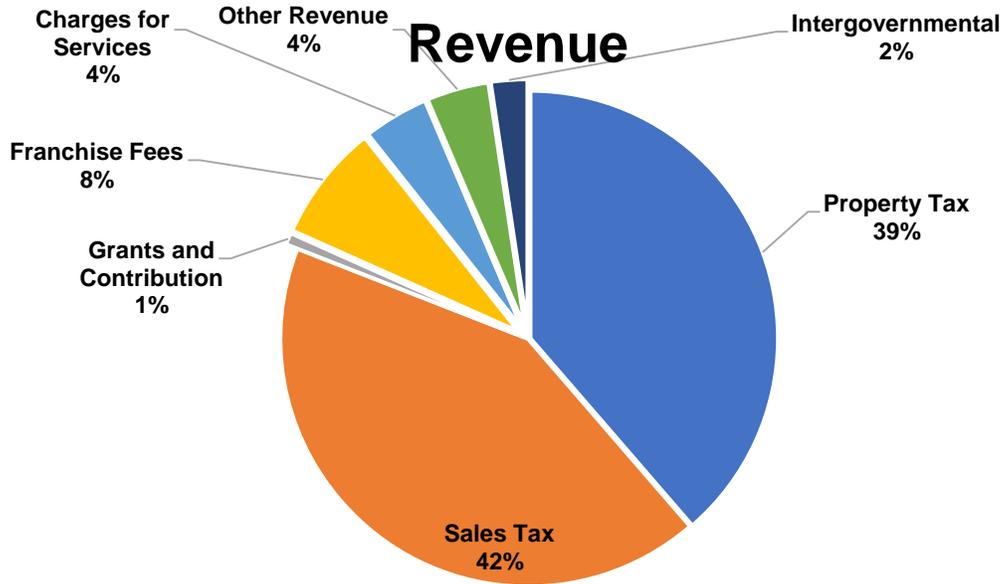
The following table provides a summary of the City's operations for the years ended September 30, 2020 and 2021.

CITY OF GILMER'S CHANGES IN NET POSITION

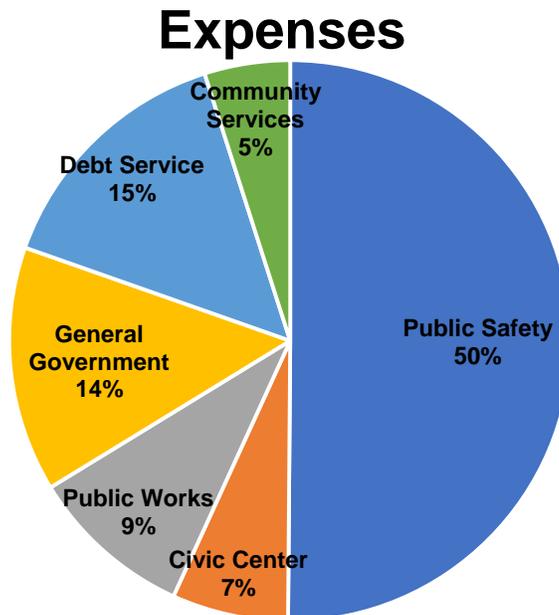
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
REVENUES:						
PROGRAM REVENUES:						
Charges for services	\$ 373,334	\$ 420,334	\$ 2,999,656	\$ 3,032,047	\$ 3,372,990	\$ 3,452,381
Operating grants & contributions	288,446	41,090	29,739	21,489	318,185	62,579
Capital grants & contributions	-	-	591,184	657,385	591,184	657,385
GENERAL REVENUES						
Property taxes, levied for general purposes	1,425,331	1,442,645	-	-	1,425,331	1,442,645
Property taxes, levied for debt service	594,290	584,262	-	-	594,290	584,262
Sales taxes	1,404,959	1,504,485	-	-	1,404,959	1,504,485
Sales taxes for Economic Development	700,083	749,066	-	-	700,083	749,066
Franchise taxes	392,935	407,668	-	-	392,935	407,668
Other taxes	54,022	62,348	-	-	54,022	62,348
Penalty and interest	18,233	29,990	-	-	18,233	29,990
Investment earnings	32,299	39,224	18,558	15,548	50,857	54,772
Miscellaneous revenue	78,456	73,229	14,204	8,552	92,660	81,781
(Loss) Gain on sale of equipment	(10,942)	-	24,926	(2,990)	13,984	(2,990)
TOTAL REVENUES	5,351,446	5,354,341	3,678,267	3,732,031	9,029,713	9,086,372
EXPENSES						
Legislative	28,839	35,720	-	-	28,839	35,720
Municipal court	84,401	72,571	-	-	84,401	72,571
Executive/administration	230,866	224,098	-	-	230,866	224,098
Community development	158,916	144,067	-	-	158,916	144,067
Financial administration	169,325	177,327	-	-	169,325	177,327
Police	1,570,996	1,419,916	-	-	1,570,996	1,419,916
Fire protection	707,629	742,686	-	-	707,629	742,686
Highways and streets	445,483	486,514	-	-	445,483	486,514
Parks	64,220	62,420	-	-	64,220	62,420
Lake	6,085	7,975	-	-	6,085	7,975
Civic center	266,937	210,922	-	-	266,937	210,922
Economic Development	297,806	287,427	-	-	297,806	287,427
Non-departmental	245,373	309,816	-	-	245,373	309,816
Interest	171,882	150,334	-	-	171,882	150,334
Fiscal agent fees	2,900	182,921	-	-	2,900	182,921
Water & sewer	-	-	2,041,456	1,767,271	2,041,456	1,767,271
Sanitation	-	-	727,774	763,210	727,774	763,210
Airport	-	-	81,711	211,130	81,711	211,130
TOTAL EXPENSES	4,451,658	4,514,714	2,850,941	2,741,611	7,302,599	7,256,325
Increase in net position before transfers	899,788	839,627	827,326	990,420	1,727,114	1,830,047
Transfers in (out)	(421,192)	(116,304)	421,192	116,304	-	-
CHANGES IN NET POSITION	478,596	723,323	1,248,518	1,106,724	1,727,114	1,830,047
NET POSITION - BEGINNING	9,411,136	9,889,732	13,158,842	14,407,360	22,569,978	24,297,092
PRIOR PERIOD ADJUSTMENT	-	-	-	66,761	-	66,761
NET POSITION - ENDING	9,889,732	10,613,055	14,407,360	15,580,845	24,297,092	26,193,900

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

For the year ended September 30, 2021, revenues from governmental activities totaled \$5,354,341. Property tax, sales tax, and charges for services are the City's largest revenue source. Property tax receipts increased due to a .005579 change in the City's adopted tax rate from the prior year as well as an increase in local property tax valuations. Sales tax receipts continue to trend higher in spite of the pandemic.

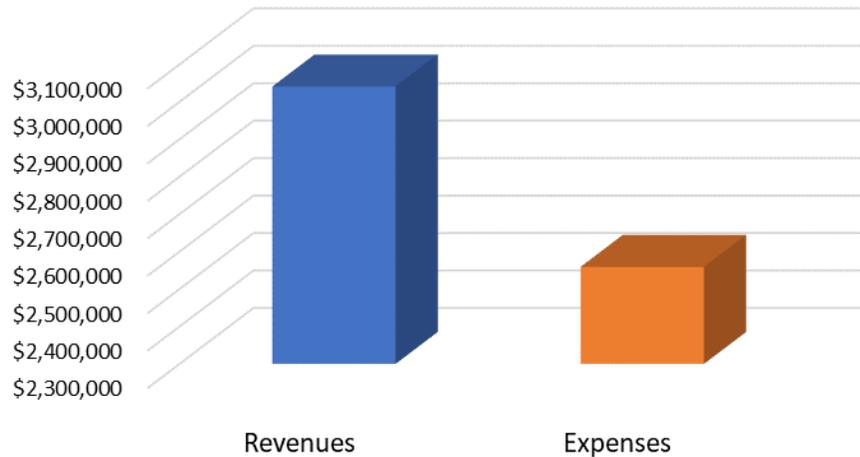


For the year ended September 30, 2021, expenses for governmental activities totaled \$4,514,714. This represents an increase of \$63,056 or 1.4% from the prior year. The City's largest functional expense is public safety of \$2,157,823 which decreased \$545,036 or 23.92% from the prior year. This decrease is largely the result of purchasing a fire engine in the previous fiscal year.



Business-type activities are shown comparing operating costs to revenue generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2021, charges for services by business-type activities totaled \$3,032,047. This is an increase of \$32,391 or 1.08% from the previous year as a result of dryer weather than what is normal during the spring and summer months. Grants and contributions increased by \$678,874 due to the 1st installment of ARPA funds received from the federal government. The second and final ARPA installment will occur in Sept. 2022.

Total expenses decreased by \$109,330 or 3.84% from the previous year due to cost containment and lower personnel costs as a result of longer than usual vacancies attributed to hiring difficulties.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds- The focus of the City of Gilmer'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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City's governmental funds consist primarily of the General Fund, Economic Development Fund, Debt Service Fund, Parks Capital Project Fund, and Other Governmental Funds.

The City of Gilmer's general fund reported at end of the current fiscal year, an ending fund balance of \$2,919,496 which is an increase of \$666,865 from last fiscal year's balance of \$2,252,631. This increase is attributed to revenues exceeding expenditures by \$317,677 and net transfer of \$349,188. Of the current balance, \$2,612,671 constitutes unassigned fund balance. The remainder of the fund balance is restricted by statute or its providers, such as street maintenance (\$57,406) and other purposes (\$180,652) or has been assigned by the City to express intent for a narrower purpose than general government obligations (\$64,592) and to indicate that it is not available for new spending because it has already been obligated for debt service or other restricted purposes, or assigned a specific City initiative. Information on the amounts restricted or assigned for other purposes can be found in the Notes to the Financial Statements.

The City of Gilmer's Economic Development Fund reported at end of the current fiscal year, an ending fund balance of \$517,425 which is a decrease of \$1,108,040 from last fiscal year's balance of \$1,625,465. Fund balance was partially used for redemption of outstanding Sales Tax Revenue Bonds, Series 2011 in addition to refunding said debt. This fund balance is restricted by debt covenant and is not available for new spending.

The City of Gilmer's Debt Service Fund reported at end of the current fiscal year, an ending fund balance of \$186,864 which is an increase of \$136,341 from last fiscal year's balance of \$50,523. This increase is primarily due to lower debt service requirements. This fund balance is restricted by statute for debt service and is not available for new spending.

The City of Gilmer's Parks Capital Projects Fund was set up during this fiscal year upon the issuance of parks related debt in the amount of \$5,945,000 and bond premium of \$674,712, net of debt issuance and service fees in the amount of

\$137,228 plus interest (\$16,163). These funds, plus TPWD grants and community donations will be used for parks improvements and upgrades. The grants and donations are as yet to be received.

The City of Gilmer's other governmental funds reported at end of the current fiscal year, an ending fund balance of \$150,779 which is an increase of \$18,424 from last fiscal year's balance of \$132,355. The fund balance is restricted by statute or its providers, such as other purposes (\$150,226) to indicate that it is not available for new spending because it has already been obligated for restricted purposes. Information on the amounts restricted for other purposes can be found in the Notes to the Financial Statements.

Proprietary funds- The City's proprietary funds consist primarily of Water & Sewer, Sanitation, and Airport funds. These fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Water and Sewer fund at end of the current fiscal year was \$11,489,268 which represents an increase of \$1,130,124 due to an overall increase in total current assets, primarily cash and cash equivalents. A significant part of the increase (\$637,182) is due to the 1st installment of ARPA funds received in September. Excluding the receipt of ARPA funds, water & sewer revenues increased approximately \$22,267 along with a decrease in actual expenditures of approximately \$83,000 from the previous year. Of the total net position, \$2,612,216 represents unrestricted net position at the end of the current fiscal year.

Total net position of the Sanitation fund at the end of the current fiscal year was \$761,130 which represents an increase of \$76,081. This increase is attributable to an increase in current assets, primarily cash. Total revenues exceeded expenditures by \$76,081. Of the total net position, \$530,646 represents unrestricted net position at the end of the current fiscal year.

Total net position of the Airport fund at the end of the current fiscal year was \$3,330,447 which represents a decrease of \$37,720 primarily due to significantly higher depreciation expense of \$173,727. This large increase in depreciation is due to multiple projects being completed and placed into service. Of the total net position, \$192,576 represents unrestricted net position at the end of the current fiscal year.

General Fund Budget vs. Actual Variances - Total actual revenues exceeded budgeted revenues by \$497,111 for the current fiscal year primarily due to actual sales tax receipts exceeding budgeted sales tax by \$408,687. Management's philosophy is to budget conservatively regarding sales tax since it reflects consumer sentiment and behavior. Consumers tend to cut back on discretionary items depending on the economy and the budgeted amounts have reflected that. It was unknown what effect the pandemic would have on sales tax. Management is striving to decrease this variance by using predictive tools and methods to decrease large variances in sales tax revenue.

Other revenue exceeded budgeted by \$47,218. This variance is attributed to donations and small grants that are not consistent from year-to-year so they are not budgeted. The City prefers to use a conservative budgeting approach.

Actual fines and forfeitures were 21% (\$31,191) less than the budgeted amount due to the continued pandemic and the associated decrease in writing citations. As the pandemic recedes, management believes this line item will see improvement, however, better budget forecasting is and will be priority in the coming fiscal year(s) for City management. Other revenue line-item variances that were negative in nature, were not significant and/or were offset by other revenue line items that contained positive variances.

Total actual expenditures were less than total budgeted expenditures for the current fiscal year by \$178,059 contributing to an excess of revenues over expenditures in the amount of \$317,677. This variance is primarily due to decreased personnel costs across most departments. Several departments experienced prolonged vacancies of positions in their respective departments.

Lastly, a significant amount of actual transfers in (60%) is due to the 15% administrative fee assessed against the EDC sales tax to use for capital improvements to infrastructure during the current fiscal year.

CAPITAL ASSETS

The City of Gilmer's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounts to \$28,431,805 (net of accumulated depreciation). This investment in capital assets includes land,

infrastructure, buildings, improvements, machinery & equipment and construction in progress. For more information, please refer to Note to Financial Statements D - Capital Assets, p. 47-48.

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 1,727,528	\$ 1,727,028	\$ 5,111,306	\$ 5,413,638	\$ 6,838,834	\$ 7,140,666
Infrastructure	5,283,984	4,983,098	8,510,711	7,641,539	13,794,695	12,624,637
Buildings	3,212,673	3,086,715	588,281	634,420	3,800,954	3,721,135
Improvements, other than buildings	-	-	3,128,318	3,988,085	3,128,318	3,988,085
Machinery & equipment	1,076,716	859,714	24,191	97,568	1,100,907	957,282
Construction in progress	4,500	-	906,288	-	910,788	-
Total	\$ 11,305,401	\$ 10,656,555	\$ 18,269,095	\$ 17,775,250	\$ 29,574,496	\$ 28,431,805

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Gilmer had total long-term debt of \$15,810,658. Of this amount, \$6,951,685 comprises bonded debt backed by the full faith and credit of the government, \$36,115 represents the balance of a note payable backed by the full faith and credit of the government, while \$5,135,000 represents bonds secured solely by water and sewer revenues and \$973,314 represents Combination Tax and Revenue Certificates of Obligation which are secured by tax receipts as well as water and sewer revenue. The remainder amount of \$1,615,000 does not constitute an obligation of the City of Gilmer, but is reported herein as an obligation of its component unit, Gilmer Economic Development Corporation. For more information, please refer to Note to Financial Statements F - Long-Term Obligations, p.49-51.

**Outstanding Debt at Year End
Bonds and Notes Payable**

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
General Obligation Bonds	\$ 1,164,298	\$ 6,951,685	\$ -	\$ -	\$ 1,164,298	\$ 6,951,685
Revenue Bonds Payable	-	-	5,590,000	5,135,000	5,590,000	5,135,000
Notes	41,480	36,115	-	-	41,480	36,115
Tax & Revenue CO	-	-	1,125,702	973,314	1,125,702	973,314
Premium on issuance of debt	23,438	686,368	455,404	413,176	478,842	1,099,544
Sub-total	1,229,216	7,674,168	7,171,106	6,521,490	8,400,322	14,195,658
Sales & Tax Revenue Bonds	3,050,000	1,615,000	-	-	3,050,000	1,615,000
Premium (discount) on issuance of debt	(13,682)	-	-	-	(13,682)	-
Sub-total	3,036,318	1,615,000	-	-	3,036,318	1,615,000
Total	\$ 4,265,534	\$ 9,289,168	\$ 7,171,106	\$ 6,521,490	\$ 11,436,640	\$ 15,810,658

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2020-2021 budget and rates. Sales tax receipts had shown an increase in fiscal year 2020-2021 over the previous four years; however, the revenue was still budgeted conservatively. Management will continue to monitor and stay on top of current events such as inflationary challenges, a potential recession, and other events that could negatively impact consumer sentiment and behavior thus City finances. The City sales tax rate is 1.5%. Of that rate, .5% is allocated for economic development and

the remainder for general government. In addition, 85% of the EDC sales tax is appropriated for debt service of Lake Gilmer with the remainder allocated for capital projects. The City collected taxes on beer and wine sales but the total for the year was not material. The property tax rate for 2021-2022 decreased to \$.625619/\$100 from the 2020-2021 rate of \$.635102/\$100. The 2021-2022 tax rate is considered to be the no-new-revenue tax rate.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City's business office at City of Gilmer, 110 Buffalo, Gilmer, Texas, 75644.

Basic Financial Statements

CITY OF GILMER, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 8,944,605	\$ 3,117,269	\$ 12,061,874
Restricted cash	--	141,365	141,365
Investments	1,324,177	927,901	2,252,078
Receivables:			
Taxes	320,680	--	320,680
Accounts	--	474,656	474,656
Notes	7,904	--	7,904
Other	127,402	15,640	143,042
Internal Balances	28,627	(28,627)	--
Prepaid expenses	4,728	20,093	24,821
Capital assets (net of accumulated depreciation)			
Land	1,727,028	5,413,638	7,140,666
Infrastructure	4,983,098	11,629,624	16,612,722
Buildings and improvements	3,086,715	634,420	3,721,135
Furniture and equipment	859,714	97,568	957,282
Total Assets	<u>21,414,678</u>	<u>22,443,547</u>	<u>43,858,225</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	196,795	51,963	248,758
Deferred outflows related to OPEB	32,291	8,868	41,159
Loss on defeasance of debt	69,544	266,705	336,249
Total deferred outflows of resources	<u>298,630</u>	<u>327,536</u>	<u>626,166</u>
LIABILITIES:			
Accounts payable	114,633	84,221	198,854
Accrued wages	72,724	18,539	91,263
Other liabilities	30,795	--	30,795
Accrual for compensated absences	137,921	9,859	147,780
Accrued interest payable	80,435	48,270	128,705
Unearned revenue	4,500	1,200	5,700
Customer deposits, payable from restricted assets	--	142,088	142,088
Noncurrent liabilities:			
Due within one year	475,696	629,846	1,105,542
Due in more than one year	8,813,472	5,891,644	14,705,116
Net pension liability	782,806	203,835	986,641
Net OPEB liability	169,236	46,480	215,716
Total liabilities	<u>10,682,218</u>	<u>7,075,982</u>	<u>17,758,200</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	404,985	110,672	515,657
Deferred inflows related to OPEB	13,050	3,584	16,634
Total deferred inflows of resources	<u>418,035</u>	<u>114,256</u>	<u>532,291</u>
NET POSITION:			
Net Investment in Capital Assets	8,048,209	11,520,465	19,568,674
Restricted For:			
Debt Service	623,855	87,761	711,616
Capital Projects	6,498,643	637,181	7,135,824
Other Purposes	335,053	--	335,053
Unrestricted	(4,892,705)	3,335,438	(1,557,267)
Total Net Position	<u>\$ 10,613,055</u>	<u>\$ 15,580,845</u>	<u>\$ 26,193,900</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
Legislative	\$ 35,720	\$ --	\$ --	\$ --
Municipal court	72,571	--	--	--
Executive/administration	224,098	--	--	--
Community development	144,067	41,102	--	--
Financial administration	177,327	--	--	--
Police	1,419,916	211,853	2,530	--
Fire protection	742,686	126,000	--	--
Highways and streets	486,514	--	--	--
Parks	62,420	--	--	--
Lake	7,975	--	--	--
Civic center	210,922	26,979	38,560	--
Economic development	287,427	--	--	--
Non-departmental	309,816	14,400	--	--
Interest	150,334	--	--	--
Fiscal agent fees	182,921	--	--	--
Total Governmental Activities	<u>4,514,714</u>	<u>420,334</u>	<u>41,090</u>	<u>--</u>
Business-type Activities:				
Water & Sewer	1,767,271	2,123,826	--	637,182
Sanitation	763,210	838,340	--	--
Gilmer Airport	211,130	69,881	21,489	20,203
Total Business-type Activities	<u>2,741,611</u>	<u>3,032,047</u>	<u>21,489</u>	<u>657,385</u>
Total Primary Government	<u>\$ 7,256,325</u>	<u>\$ 3,452,381</u>	<u>\$ 62,579</u>	<u>\$ 657,385</u>

General Revenues:
 Property Taxes levied for general purposes
 Property Taxes levied for debt service
 Sales taxes
 Sales taxes for Economic Development
 Franchise fees
 Other Taxes
 Penalty and Interest
 Investment Earnings
 Miscellaneous
 Sale of assets
 Transfers in (out)
 Total General Revenues and Transfers

Change in Net Position
 Net Position - Beginning
 Prior Period Adjustment
 Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (35,720)		\$ (35,720)
(72,571)		(72,571)
(224,098)		(224,098)
(102,965)		(102,965)
(177,327)		(177,327)
(1,205,533)		(1,205,533)
(616,686)		(616,686)
(486,514)		(486,514)
(62,420)		(62,420)
(7,975)		(7,975)
(145,383)		(145,383)
(287,427)		(287,427)
(295,416)		(295,416)
(150,334)		(150,334)
(182,921)		(182,921)
<u>(4,053,290)</u>		<u>(4,053,290)</u>
--	\$ 993,737	993,737
--	75,130	75,130
--	(99,557)	(99,557)
<u>--</u>	<u>969,310</u>	<u>969,310</u>
<u>(4,053,290)</u>	<u>969,310</u>	<u>(3,083,980)</u>
1,442,645	--	1,442,645
584,262	--	584,262
1,504,485	--	1,504,485
749,066	--	749,066
407,668	--	407,668
62,348	--	62,348
29,990	--	29,990
39,224	15,548	54,772
73,229	8,552	81,781
--	(2,990)	(2,990)
<u>(116,304)</u>	<u>116,304</u>	<u>--</u>
<u>4,776,613</u>	<u>137,414</u>	<u>4,914,027</u>
723,323	1,106,724	1,830,047
9,889,732	14,407,360	24,297,092
--	66,761	66,761
<u>\$ 10,613,055</u>	<u>\$ 15,580,845</u>	<u>\$ 26,193,900</u>

CITY OF GILMER, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Economic Development Fund
	<u> </u>	<u> </u>
ASSETS AND OTHER DEBITS:		
Cash	\$ 1,868,824	\$ 235,101
Investments	862,046	462,131
Receivables:		
Taxes	320,680	--
Due from other funds	264,462	56,474
Notes receivable	--	--
Other receivable	20,609	--
Prepaid expenditures	4,175	--
TOTAL ASSETS	<u>\$ 3,340,796</u>	<u>\$ 753,706</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:		
LIABILITIES:		
Accounts payable	\$ 112,334	\$ --
Due to other funds	59,006	236,281
Unearned revenue	4,500	--
Other liabilities	19,670	--
Accrued wages	70,720	--
Accrual for compensated absences	6,495	--
TOTAL LIABILITIES	<u>272,725</u>	<u>236,281</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred property tax revenue	148,575	--
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>148,575</u>	<u>--</u>
FUND BALANCE:		
Nonspendable	4,175	--
Restricted for debt service	--	517,425
Restricted for construction	--	--
Restricted for other purposes	180,652	--
Committed for street maintenance	57,406	--
Assigned	64,592	--
Unassigned	2,612,671	--
TOTAL FUND BALANCE	<u>2,919,496</u>	<u>517,425</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,340,796</u>	<u>\$ 753,706</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Parks Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 186,864	\$ 6,498,643	\$ 155,173	\$ 8,944,605
--	--	--	1,324,177
--	--	--	320,680
--	--	2,978	323,914
--	--	7,904	7,904
--	--	--	20,609
--	--	553	4,728
<u>\$ 186,864</u>	<u>\$ 6,498,643</u>	<u>\$ 166,608</u>	<u>\$ 10,946,617</u>
\$ --	\$ --	\$ 2,299	\$ 114,633
--	--	--	295,287
--	--	--	4,500
--	--	11,125	30,795
--	--	2,004	72,724
--	--	401	6,896
--	--	<u>15,829</u>	<u>524,835</u>
--	--	--	148,575
--	--	--	<u>148,575</u>
--	--	553	4,728
186,864	--	--	704,289
--	6,498,643	--	6,498,643
--	--	150,226	330,878
--	--	--	57,406
--	--	--	64,592
--	--	--	2,612,671
<u>186,864</u>	<u>6,498,643</u>	<u>150,779</u>	<u>10,273,207</u>
<u>\$ 186,864</u>	<u>\$ 6,498,643</u>	<u>\$ 166,608</u>	<u>\$ 10,946,617</u>

CITY OF GILMER, TEXASRECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds balance sheet	\$ 10,273,207
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	10,656,555
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	148,575
Payables for bond principal which are not due in the current period are not reported in the funds.	(8,566,685)
Payables for bond interest which are not due in the current period are not reported in the funds.	(80,435)
Payables for notes which are not due in the current period are not reported in the funds.	(36,115)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(131,025)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	106,793
Loss on defeasance of debt is not reported in the funds.	69,544
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(782,806)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(404,985)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	196,795
Bond premiums are amortized in the SNA but not in the funds.	(686,368)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(169,236)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(13,050)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>32,291</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 10,613,055</u>

The accompanying notes are an integral part of this statement.

This page is left blank intentionally.

CITY OF GILMER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Economic Development Fund
	<u> </u>	<u> </u>
REVENUES:		
Property taxes	\$ 1,448,226	\$ --
Penalty and interest	29,990	--
Sales tax	1,504,485	749,066
Franchise fees	407,668	--
Other taxes	62,348	--
Fines and forfeitures	182,709	--
Licenses and permits	41,102	--
Intergovernmental revenue and grants	126,000	--
Investment income	15,133	7,171
Rents and royalties	16,758	--
Grant revenue	2,530	--
Other revenue	68,143	--
TOTAL REVENUES	<u>3,905,092</u>	<u>756,237</u>
EXPENDITURES:		
Current:		
Legislative	35,720	--
Municipal court	76,043	--
Executive/administration	231,541	--
Community development	144,433	--
Financial administration	179,780	--
Police	1,500,448	--
Fire protection	657,375	--
Highways and streets	406,337	--
Parks	63,740	--
Lake	3,615	--
Civic center	--	--
Non-departmental	288,383	--
Principal on long-term debt	--	185,000
Interest on long-term debt	--	83,901
Debt issuance and service fees	--	42,292
TOTAL EXPENDITURES	<u>3,587,415</u>	<u>311,193</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>317,677</u>	<u>445,044</u>
OTHER FINANCING SOURCES (USES):		
General obligation bonds issued	--	--
Refunding bonds issued	--	1,620,000
Payment to refunded bond escrow agent	--	(2,939,544)
Premium on general obligation bonds issued	--	--
Transfers in	389,778	--
Transfers out	(40,590)	(233,540)
TOTAL OTHER FINANCING SOURCES (USES)	<u>349,188</u>	<u>(1,553,084)</u>
NET CHANGE IN FUND BALANCES	666,865	(1,108,040)
FUND BALANCE - BEGINNING	2,252,631	1,625,465
FUND BALANCE - ENDING	<u>\$ 2,919,496</u>	<u>\$ 517,425</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Parks Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 584,262	\$ --	\$ --	\$ 2,032,488
--	--	--	29,990
--	--	--	2,253,551
--	--	--	407,668
--	--	--	62,348
--	--	2,725	185,434
--	--	--	41,102
--	--	--	126,000
302	16,163	454	39,223
--	--	26,979	43,737
--	--	38,560	41,090
--	--	2,728	70,871
<u>584,564</u>	<u>16,163</u>	<u>71,446</u>	<u>5,333,502</u>
--	--	--	35,720
--	--	--	76,043
--	--	--	231,541
--	--	--	144,433
--	--	--	179,780
--	--	--	1,500,448
--	--	--	657,375
--	--	--	406,337
--	--	--	63,740
--	--	--	3,615
--	--	85,025	85,025
--	4	--	288,387
157,613	--	5,365	347,978
16,622	--	1,268	101,791
3,400	137,228	--	182,920
<u>177,635</u>	<u>137,232</u>	<u>91,658</u>	<u>4,305,133</u>
406,929	(121,069)	(20,212)	1,028,369
--	5,945,000	--	5,945,000
--	--	--	1,620,000
--	--	--	(2,939,544)
--	674,712	--	674,712
121,180	--	38,636	549,594
(391,768)	--	--	(665,898)
<u>(270,588)</u>	<u>6,619,712</u>	<u>38,636</u>	<u>5,183,864</u>
136,341	6,498,643	18,424	6,212,233
50,523	--	132,355	4,060,974
<u>\$ 186,864</u>	<u>\$ 6,498,643</u>	<u>\$ 150,779</u>	<u>\$ 10,273,207</u>

CITY OF GILMER, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	\$ 6,212,233
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	306,957
The depreciation of capital assets used in governmental activities is not reported in the funds.	(922,377)
The loss on the disposition of capital assets is not reported in the funds.	(33,426)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(5,581)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,212,613
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	5,365
(Increase) decrease in accrued interest from beginning of period to end of period.	(46,644)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(13,468)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	26,419
Premium on refunding is amortized in the SOA but not in the funds.	11,782
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(7,565,000)
Bond premiums are reported in the funds but not in the SOA.	(674,712)
Discount on issuance of debt is amortized in SOA but not in the funds.	(13,682)
Loss on debt defeasance is reported in the SOA but not in the funds.	69,544
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	(179,079)
The City's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(155,877)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	499,602
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	(1,922)
The City's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	3,960
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(13,386)
Rounding	<u>2</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 723,323</u>

The accompanying notes are an integral part of this statement.

CITY OF GILMER, TEXAS

EXHIBIT A-7

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,429,738	\$ 1,429,738	\$ 1,448,226	\$ 18,488
Penalty and interest	10,000	10,000	29,990	19,990
Sales tax	1,095,798	1,095,798	1,504,485	408,687
Franchise fees	385,050	385,050	407,668	22,618
Other taxes	57,000	57,000	62,348	5,348
Fines and forfeitures	213,900	213,900	182,709	(31,191)
Licenses and permits	31,550	31,550	41,102	9,552
Intergovernmental revenue and grants	126,000	126,000	126,000	--
Investment income	18,500	18,500	15,133	(3,367)
Rents and royalties	17,000	17,000	16,758	(242)
Grant revenue	2,520	2,520	2,530	10
Other revenue	16,288	20,925	68,143	47,218
TOTAL REVENUES	<u>3,403,344</u>	<u>3,407,981</u>	<u>3,905,092</u>	<u>497,111</u>
EXPENDITURES:				
Current:				
Legislative	41,082	41,082	35,720	5,362
Municipal court	79,464	79,464	76,043	3,421
Executive/administration	235,352	244,996	231,541	13,455
Community development	153,803	153,803	144,433	9,370
Financial administration	183,727	183,727	179,780	3,947
Police	1,569,733	1,578,793	1,500,448	78,345
Fire protection	648,618	661,175	657,375	3,800
Highways and streets	201,241	437,261	406,337	30,924
Parks	57,784	57,784	63,740	(5,956)
Lake	4,200	4,200	3,615	585
Non-departmental	345,846	323,190	288,383	34,807
TOTAL EXPENDITURES	<u>3,520,850</u>	<u>3,765,474</u>	<u>3,587,415</u>	<u>178,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(117,506)</u>	<u>(357,493)</u>	<u>317,677</u>	<u>675,170</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	548,694	548,694	389,778	(158,916)
Transfers out	(52,065)	(54,018)	(40,590)	13,428
TOTAL OTHER FINANCING SOURCES (USES)	<u>496,629</u>	<u>494,676</u>	<u>349,188</u>	<u>145,488</u>
NET CHANGE IN FUND BALANCES	379,123	137,183	666,865	529,682
FUND BALANCE - BEGINNING	<u>2,252,631</u>	<u>2,252,631</u>	<u>2,252,631</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$ 2,631,754</u>	<u>\$ 2,389,814</u>	<u>\$ 2,919,496</u>	<u>\$ 529,682</u>

The accompanying notes are an integral part of this statement.

CITY OF GILMER, TEXAS

EXHIBIT A-8

ECONOMIC DEVELOPMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales tax	\$ 545,718	\$ 545,718	\$ 749,066	\$ 203,348
Investment income	8,500	8,500	7,171	(1,329)
TOTAL REVENUES	<u>554,218</u>	<u>554,218</u>	<u>756,237</u>	<u>202,019</u>
EXPENDITURES:				
Current:				
Principal on long-term debt	180,000	180,000	185,000	(5,000)
Interest on long-term debt	146,738	146,738	83,901	62,837
Debt service fees	750	750	42,292	(41,542)
TOTAL EXPENDITURES	<u>327,488</u>	<u>327,488</u>	<u>311,193</u>	<u>16,295</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>226,730</u>	<u>226,730</u>	<u>445,044</u>	<u>218,314</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	--	--	1,620,000	1,620,000
Payment to refunded bond escrow agent	--	--	(2,939,544)	(2,939,544)
Transfers out	(81,858)	(81,858)	(233,540)	(151,682)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(81,858)</u>	<u>(81,858)</u>	<u>(1,553,084)</u>	<u>1,471,226</u>
NET CHANGE IN FUND BALANCES	144,872	144,872	(1,108,040)	(1,252,912)
FUND BALANCE - BEGINNING	1,625,465	1,625,465	1,625,465	--
FUND BALANCE - ENDING	<u>\$ 1,770,337</u>	<u>\$ 1,770,337</u>	<u>\$ 517,425</u>	<u>\$ (1,252,912)</u>

The accompanying notes are an integral part of this statement.

CITY OF GILMER, TEXAS

STATEMENT OF NET POSITION

ENTERPRISE FUNDS

SEPTEMBER 30, 2021

	Water & Sewer Fund	Sanitation Fund	Gilmer Airport Fund	Total Enterprise Funds
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 2,464,910	\$ 475,423	\$ 176,936	\$ 3,117,269
Restricted cash	141,115	--	250	141,365
Investments	927,901	--	--	927,901
Receivables (net of allowances for uncollectibles)	326,640	148,016	--	474,656
Other receivables	--	--	15,640	15,640
Prepaid expenses	20,093	--	--	20,093
Total current assets	<u>3,880,659</u>	<u>623,439</u>	<u>192,826</u>	<u>4,696,924</u>
Noncurrent assets:				
Capital assets:				
Land	4,266,667	230,484	916,487	5,413,638
Land improvements	3,558,647	--	2,256,870	5,815,517
Infrastructure	15,499,508	--	--	15,499,508
Buildings	129,125	--	815,817	944,942
Equipment and furniture	736,863	--	151,080	887,943
Less accumulated depreciation	(9,783,915)	--	(1,002,383)	(10,786,298)
Total noncurrent assets	<u>14,406,895</u>	<u>230,484</u>	<u>3,137,871</u>	<u>17,775,250</u>
TOTAL ASSETS	<u>18,287,554</u>	<u>853,923</u>	<u>3,330,697</u>	<u>22,472,174</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	51,963	--	--	51,963
Deferred outflows related to OBEP	8,868	--	--	8,868
Loss on defeasance of debt	266,705	--	--	266,705
TOTAL OUTFLOWS OF RESOURCES	<u>327,536</u>	<u>--</u>	<u>--</u>	<u>327,536</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	19,609	64,612	--	84,221
Wages payable	18,539	--	--	18,539
Accrual for compensated absences	9,859	--	--	9,859
Accrued interest payable	48,270	--	--	48,270
Unearned revenue	1,200	--	--	1,200
Due to other funds	446	28,181	--	28,627
Bonds, notes, and loans payable	629,846	--	--	629,846
Payable from restricted assets:				
Customer deposits	141,838	--	250	142,088
Total current liabilities	<u>869,607</u>	<u>92,793</u>	<u>250</u>	<u>962,650</u>
Noncurrent liabilities:				
Bonds, notes, and loans payable	5,891,644	--	--	5,891,644
Net OPEB liability	46,480	--	--	46,480
Net pension liability	203,835	--	--	203,835
Total noncurrent liabilities	<u>6,141,959</u>	<u>--</u>	<u>--</u>	<u>6,141,959</u>
TOTAL LIABILITIES	<u>7,011,566</u>	<u>92,793</u>	<u>250</u>	<u>7,104,609</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to OPEB	3,584	--	--	3,584
Deferred inflows related to pensions	110,672	--	--	110,672
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>114,256</u>	<u>--</u>	<u>--</u>	<u>114,256</u>
NET POSITION:				
Net investment in capital assets	8,152,110	230,484	3,137,871	11,520,465
Restricted for debt service	87,761	--	--	87,761
Restricted for capital projects	637,181	--	--	637,181
Unrestricted	2,612,216	530,646	192,576	3,335,438
TOTAL NET POSITION	<u>\$ 11,489,268</u>	<u>\$ 761,130</u>	<u>\$ 3,330,447</u>	<u>\$ 15,580,845</u>

The accompanying notes are an integral part of this statement.

CITY OF GILMER, TEXASSTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water & Sewer Fund	Sanitation Fund	Gilmer Airport Fund	Total Enterprise Funds
OPERATING REVENUES:				
Charges for water services	\$ 1,307,769	\$ --	\$ --	\$ 1,307,769
Charges for sewer services	778,856	--	--	778,856
Charges for sanitation services	--	825,043	--	825,043
Penalties	32,201	13,297	--	45,498
Rents and royalties	--	--	69,881	69,881
Licenses and permits	5,000	--	--	5,000
Other revenue	7,855	697	--	8,552
Total Operating Revenues	<u>2,131,681</u>	<u>839,037</u>	<u>69,881</u>	<u>3,040,599</u>
OPERATING EXPENSES:				
Salaries and employee benefits	636,899	--	--	636,899
Contractual services	97,894	763,210	6,662	867,766
Utilities	139,433	--	8,931	148,364
Repairs and maintenance	128,050	--	15,388	143,438
Supplies and other expenses	66,646	--	3,104	69,750
Insurance	33,352	--	3,317	36,669
Depreciation	482,477	--	173,728	656,205
Total Operating Expenses	<u>1,584,751</u>	<u>763,210</u>	<u>211,130</u>	<u>2,559,091</u>
Operating Income (Loss)	<u>546,930</u>	<u>75,827</u>	<u>(141,249)</u>	<u>481,508</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest and investment revenue	15,218	254	76	15,548
Operating grants	--	--	21,489	21,489
Gain (loss) on disposition of assets	(2,990)	--	--	(2,990)
Interest expense	(182,020)	--	--	(182,020)
Debt fees	(500)	--	--	(500)
Total Non-operating Revenues (Expenses)	<u>466,890</u>	<u>254</u>	<u>21,565</u>	<u>508,912</u>
Income (Loss) before Transfers and Capital Contributions	1,013,820	76,081	(119,684)	990,420
Capital grants	637,182	--	20,203	657,385
Transfers in	393,722	--	--	393,722
Transfers out	(277,418)	--	--	(277,418)
Change in Net Position	1,130,124	76,081	(99,481)	1,106,724
Total Net Position - Beginning	10,359,144	685,049	3,363,167	14,407,360
Prior Period Adjustment	--	--	66,761	66,761
Total Net Position - Ending	<u>\$ 11,489,268</u>	<u>\$ 761,130</u>	<u>\$ 3,330,447</u>	<u>\$ 15,580,845</u>

The accompanying notes are an integral part of this statement.

CITY OF GILMER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water & Sewer Fund	Sanitation Fund	Gilmer Airport Fund	Totals
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 2,150,200	\$ 850,620	\$ 61,356	\$ 3,062,176
Cash Payments to Employees for Services	(676,141)	--	--	(676,141)
Cash Payments to Other Suppliers for Goods and Services	(509,268)	(760,058)	(30,278)	(1,299,604)
Net Cash Provided by Operating Activities	<u>964,791</u>	<u>90,562</u>	<u>31,078</u>	<u>1,086,431</u>
Cash Flows from Non-capital Financing Activities:				
Operating Grants Received	--	--	21,489	21,489
Transfers From Other Funds	219,116	--	--	219,116
Transfers To Other Funds	(277,418)	--	--	(277,418)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(58,302)</u>	<u>--</u>	<u>21,489</u>	<u>(36,813)</u>
Cash Flows from Capital and Related Financing Activities:				
Principal and Interest Paid	(632,351)	--	--	(632,351)
Capital Grants Received	637,182	--	20,203	657,385
Debt Fees	(500)	--	--	(500)
Aquisition or Construction of Capital Assets	(54,145)	--	(44,443)	(98,588)
Net Cash Used for Capital & Related Financing Activities	<u>(49,814)</u>	<u>--</u>	<u>(24,240)</u>	<u>(74,054)</u>
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	5,068	254	76	5,398
Net Cash Provided by Investing Activities	<u>5,068</u>	<u>254</u>	<u>76</u>	<u>5,398</u>
Net Increase in Cash and Cash Equivalents	861,743	90,816	28,403	980,962
Cash and Cash Equivalents, October 1 (excluding \$133,430 for the water & sewer fund and \$250 for the airport fund reported as restricted amounts)	<u>1,603,167</u>	<u>384,607</u>	<u>148,533</u>	<u>2,136,307</u>
Cash and Cash Equivalents, September 30 (excluding \$141,115 for the water & sewer fund and \$250 for the airport fund reported as restricted amounts)	<u>\$ 2,464,910</u>	<u>\$ 475,423</u>	<u>\$ 176,936</u>	<u>\$ 3,117,269</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 546,930	\$ 75,827	\$ (141,249)	\$ 481,508
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	482,477	--	173,728	656,205
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables	18,073	(5,144)	(8,526)	4,403
Decrease (Increase) in Prepaid Expenses	(16,722)	--	31,898	15,176
Increase (Decrease) in Accounts Payable	(27,171)	3,152	(24,773)	(48,792)
Increase (Decrease) in Due to Other Funds	446	16,727	--	17,173
Increase (Decrease) in Accrued Wages Payable	1,223	--	--	1,223
Increase (Decrease) in Pension and OPEB Liabilities	(40,465)	--	--	(40,465)
Total Adjustments	<u>417,861</u>	<u>14,735</u>	<u>172,327</u>	<u>604,923</u>
Net Cash Provided by Operating Activities	<u>\$ 964,791</u>	<u>\$ 90,562</u>	<u>\$ 31,078</u>	<u>\$ 1,086,431</u>
Schedule of Non-Cash Capital and Related Financing Activities				
Contributions of capital assets	\$ --	\$ --	\$ 2,711	\$ 2,711
Repayment of principal by other fund	152,388	--	--	152,388
Repayment of interest by other fund	22,218	--	--	22,218

The accompanying notes are an integral part of this statement.

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Significant Accounting Policies

The combined financial statements of City of Gilmer, Texas (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within 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 its 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
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. The GASB Codification requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

Based on these criteria, the following is a brief review of the component unit addressed in defining the government's reporting entity. Additionally, the City is not a component of any other reporting entity as defined by the GASB Codification.

Gilmer Economic Development Corporation is a nonprofit organization organized in accordance with the Texas Development Corporation Act of 1979. It is a Type A Economic Development Corporation governed by the Texas Local Government Code Chapters 501 and 504, and it is operated exclusively for the purpose of benefitting and accomplishing public purposes of the City of Gilmer. The City Council appoints the governing board of the EDC. The EDC is funded by a one-half cent sales tax which is received by the City from the State and is passed to the corporation. All sales tax revenues produced by the EDC are pledged to debt service on Sales Tax and Revenue Bonds. There are no separate financial statements issued. The Corporation's financial statements are blended with the City of Gilmer's Basic Financial Statements as a special revenue fund.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The Economic Development Fund is a special revenue fund that accounts for the one-half cent sales tax collected for the Economic Development Corporation, a component unit.

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

The Parks Capital Projects Fund accounts for the bond proceeds that are to be used for various park projects throughout the City.

The City reports the following major proprietary funds:

The Water and Sewer Fund is used to account for the sale of water and wastewater treatment by the City to businesses and residential customers and to surrounding communities.

The Sanitation Fund accounts for residential and commercial solid waste collections and disposal services for the City.

The Airport Fund accounts for the operation of the Gilmer-Upshur County Airport.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes and sales taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The City may assess penalties and interest. The assessment ratio of the City is 100% of market value. The assessed value for the tax roll of October 1, 2020, upon which the 2021 fiscal-year levy was based, was \$318,256,256. The tax assessment of October 1, 2020 sets a tax levy at \$.635102 per \$100 of assessed valuation at 100% of assumed market value. The 2021 fiscal-year levy was \$2,021,252.

Taxes were due in January following the October 1 statement date. Tax collections during the fiscal year ended September 30, 2021, for the fiscal 2020 tax levy were 97.61% of the total tax levy for that year.

Allowances for uncollectible tax receivables are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible taxes at September 30, 2021, is \$174,353.

c. Inventories and Prepaid Items

Inventories on the balance sheet are stated at cost. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the purchase method.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

d. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their net acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Assets capitalized have an original cost of \$5,000 or more and an estimated life in excess of one year. Depreciation has been computed on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	25 - 50
Buildings	10 - 60
Land Improvements	60 - 100
Machinery and equipment	5 - 12
Heavy equipment	10 - 20
Vehicles	4 - 7
Computer equipment	3 - 5

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Pensions

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 or 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.

The fiduciary net position of the Texas Emergency Services Retirement System (TESRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TESRS's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

g. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the City's total OPEB Liability for the Texas Municipal Retirement System's Supplemental Death Benefits Fund has been determined based on the provisions of GASB Statement No. 75.

h. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary fund Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one of more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

i. Compensated Absences

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay for it. Accumulated vacation leave of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

j. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

k. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent 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.

l. Restricted Assets

Cash held for customer deposits in the Water and Sewer Fund and the Airport Fund is reported as restricted.

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

m. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the City's City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically accomplished by a formal action or resolution by the City Council. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund equivalent to not less than 2 months of annual operating expenditures. The City's fund balance for the general fund met this goal at September 30, 2021.

It is the goal of the City to achieve and maintain an unassigned fund balance (reserve) in the water and sewer fund equivalent to no less than \$500,000. The City's fund balance in the fund met this goal at September 30, 2021.

n. 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 required.

o. 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

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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.

4. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, Economic Development Fund, Civic Center Fund, and debt service fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources and sometimes span a period of more than one fiscal year.

Budget controls are imposed at the department level and require Council approval for amendment.

5. Implementation of New Standards

In the current fiscal year, the City did not implement any new standards from the Governmental Accounting Standards Board (GASB).

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At September 30, 2021, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$12,203,239 and the bank balance was \$12,269,886. The City's cash deposits at September 30, 2021 and during the year ended September 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

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

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of Deposit #44413	7/16/2022	\$ 98,873
Certificate of Deposit #44412	7/19/2022	535,825
Certificate of Deposit #42535	12/19/2021	227,215
Certificate of Deposit #42780	6/20/2022	273,423
Certificate of Deposit #22185	2/20/2022	269,199
Certificate of Deposit #42463	9/30/2022	385,279
Certificate of Deposit #22648	5/18/2022	250,000
Certificate of Deposit #23075	8/9/2023	212,131
Local Government Investment Pool (LOGIC)	33 - 84 days	133
Total Investments		<u>\$ 2,252,078</u>

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

At September 30, 2021, the City's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>S & P Rating</u>
Local Government Investment Cooperative (LOGIC)	AAAm

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Local Government Investment Cooperative (LOGIC)

LOGIC was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and operates as a public funds investment pool under the Public Funds Investment Act. LOGIC is organized and existing as a business trust under the laws of the State of Texas with participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers, or elected officials of participant government entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the co-administrators of the Pool.

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The investment objectives of the LOGIC portfolio are to seek preservation of principal, liquidity, and current income through current investment in a diversified portfolio of short-term marketable securities. The Portfolio's maximum final stated maturity is 397 days for fixed rate securities and 24 months for variable rate notes. The Portfolio will maintain a dollar-weighted average portfolio maturity that does not exceed 60 days (or fewer days if required to maintain its rating). The Portfolio seeks to maintain a net asset value of \$1.00 per unit and is designed to be used for investment of funds which may be needed at any time.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land*	\$ 1,727,028	\$ --	\$ --	\$ 1,727,028
Construction in progress	4,500	--	4,500	--
Total capital assets not being depreciated	<u>1,731,528</u>	<u>--</u>	<u>4,500</u>	<u>1,727,028</u>
Capital assets being depreciated:				
Infrastructure*	11,067,803	238,224	43,321	11,262,706
Buildings and improvements*	5,203,574	--	--	5,203,574
Machinery, furniture and equipment*	2,915,789	73,233	137,500	2,851,522
Total capital assets being depreciated	<u>19,187,166</u>	<u>311,457</u>	<u>180,821</u>	<u>19,317,802</u>
Less accumulated depreciation for:				
Infrastructure*	(5,732,193)	(589,394)	(41,979)	(6,279,608)
Buildings and improvements*	(1,946,579)	(170,280)	--	(2,116,859)
Machinery, furniture and equipment*	(1,934,521)	(162,703)	(105,416)	(1,991,808)
Total accumulated depreciation	<u>(9,613,293)</u>	<u>(922,377)</u>	<u>(147,395)</u>	<u>(10,388,275)</u>
Total capital assets being depreciated, net	<u>9,573,873</u>	<u>(610,920)</u>	<u>33,426</u>	<u>8,929,527</u>
Governmental activities capital assets, net	<u>\$ 11,305,401</u>	<u>\$ (610,920)</u>	<u>\$ 37,926</u>	<u>\$ 10,656,555</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land**	\$ 5,178,067	\$ 235,571	\$ --	\$ 5,413,638
Construction in progress	906,288	--	906,288	--
Total capital assets not being depreciated	<u>6,084,355</u>	<u>235,571</u>	<u>906,288</u>	<u>5,413,638</u>
Capital assets being depreciated:				
Land improvements	5,141,126	674,391	--	5,815,517
Infrastructure	15,462,869	84,819	48,180	15,499,508
Buildings and improvements	944,942	--	--	944,942
Machinery, furniture and equipment	877,850	10,094	--	887,944
Total capital assets being depreciated	<u>22,426,787</u>	<u>769,304</u>	<u>48,180</u>	<u>23,147,911</u>
Less accumulated depreciation for:				
Land improvements*	(1,646,337)	(181,095)	--	(1,827,432)
Infrastructure*	(7,443,963)	(414,006)	--	(7,857,969)
Buildings and improvements*	(294,402)	(16,120)	--	(310,522)
Machinery, furniture and equipment*	(790,584)	(44,983)	(45,191)	(790,376)
Total accumulated depreciation	<u>(10,175,286)</u>	<u>(656,204)</u>	<u>(45,191)</u>	<u>(10,786,299)</u>
Total capital assets being depreciated, net	<u>12,251,501</u>	<u>113,100</u>	<u>2,989</u>	<u>12,361,612</u>
Business-type activities capital assets, net	<u>\$ 18,335,856</u>	<u>\$ 348,671</u>	<u>\$ 909,277</u>	<u>\$ 17,775,250</u>

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

*Beginning balances have been adjusted to reflect reclassifications between asset and accumulated depreciation categories.

**Beginning balance has been restated to reflect a prior period adjustment. See Note O for additional information.

Depreciation was charged to functions as follows:

Governmental Activities:	
Civic center	\$ 125,073
Community development	7,037
Economic development	287,427
Executive	2,814
Fire	79,451
Non-departmental	21,429
Parks	1,642
Police	69,088
Streets	321,016
Financial administration	3,040
Lake	4,360
	<u>\$ 922,377</u>

Business-Type Activities:	
Water and sewer	\$ 482,477
Airport	173,727
	<u>\$ 656,204</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2021, consisted of the following:

<u>Due From Fund</u>	<u>Due To Fund</u>	<u>Amount</u>	<u>Purpose</u>
Economic Development Fund	General Fund	\$ 227,877	Cash needed to refund debt held by the EDC
General Fund	Economic Development Fund	56,028	Monthly sales tax transfer
Water & Sewer Fund	Economic Development Fund	446	Interest income deposited into incorrect bank account
General Fund	Other Governmental Funds	2,978	Hotel tax transfer receivable
Economic Development Fund	General Fund	8,404	Sales tax accrual
Sanitation Fund	General Fund	28,181	Commercial sanitation fees accrued
	Total	<u>\$ 323,914</u>	

All amounts due are scheduled to be repaid within one year.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

2. Transfers To and From Other Funds

Transfers to and from other funds for the year ended September 30, 2021, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Debt Service	Water & Sewer Fund	\$ 391,768	Fund debt service requirements
Economic Development Fund	General Fund	112,360	Administrative fee
General Fund	Other Governmental Funds	38,636	Fund Civic Center operations
Water & Sewer Fund	General Fund	277,418	Budgeted transfer
General Fund	Water & Sewer Fund	1,954	Contribution to spillway project
Economic Development Fund	Debt Service Fund	121,180	Interest expense on debt
	Total	\$ 943,316	

F. Long-Term Obligations

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
<u>Obligations of the City:</u>					
Tax and revenue certificates of obligation	\$ 1,164,298	\$ 5,945,000	\$ 157,613	\$ 6,951,685	355,154
Notes	41,480	--	5,365	36,115	5,542
Net pension liability*	1,027,113	--	244,307	782,806	--
Total OPEB liability*	144,011	25,225	--	169,236	--
Premium on issuance of debt	23,438	674,712	11,782	686,368	--
Compensated absences	123,744	14,177	--	137,921	--
Total obligations of the City	2,524,084	6,659,114	419,067	8,764,131	360,696
<u>Obligations of Economic Development Corp:</u>					
Sales tax revenue bonds	3,050,000	1,620,000	3,055,000	1,615,000	115,000
Discount on issuance of debt	(13,682)	--	(13,682)	--	--
Total obligations of EDC	3,036,318	1,620,000	3,041,318	1,615,000	115,000
Total governmental activities	\$ 5,560,402	\$ 8,279,114	\$ 3,460,385	\$ 10,379,131	\$ 475,696
<u>Business-type activities:</u>					
Refunding bonds	\$ 5,590,000	\$ --	\$ 455,000	\$ 5,135,000	475,000
Tax and revenue certificates of obligation	1,125,702	--	152,388	973,314	154,846
Net pension liability**	269,028	--	65,193	203,835	--
Total OPEB liability**	38,282	8,198	--	46,480	--
Premium on issuance of debt	455,404	--	42,228	413,176	--
Total business-type activities	\$ 7,478,416	\$ 8,198	\$ 714,809	\$ 6,771,805	\$ 629,846

* Other long-term liabilities

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability*	Governmental	General
Total OPEB Liability*	Governmental	General
Net Pension Liability**	Business	Water and Sewer
Total OPEB Liability**	Business	Water and Sewer

The General Fund typically liquidates 100% of the Governmental Activities liability for compensated absences.

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2021, are as follows:

Year Ending September 30,	Governmental Activities					
	Bonds		Notes from Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest		
2022	\$ 470,154	\$ 265,834	\$ 5,542	\$ 1,092	\$ 742,622	
2023	512,697	218,536	5,724	909	737,866	
2024	527,781	205,790	5,913	720	740,204	
2025	545,323	192,684	6,108	525	744,640	
2026	557,865	179,120	6,310	323	743,618	
2027-2031	2,237,865	700,375	6,518	115	2,944,873	
2032-2036	1,880,000	410,561	--	--	2,290,561	
2037-2041	1,835,000	149,100	--	--	1,984,100	
Totals	\$ 8,566,685	\$ 2,322,000	\$ 36,115	\$ 3,684	\$ 10,928,484	

Year Ending September 30,	Business-type Activities					
	Bonds		Notes from Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest		
2022	\$ 629,846	\$ 172,801	\$ --	\$ --	\$ 802,647	
2023	647,303	157,304	--	--	804,607	
2024	672,219	137,908	--	--	810,127	
2025	694,677	117,714	--	--	812,391	
2026	717,135	96,820	--	--	813,955	
2027-2031	1,832,134	243,761	--	--	2,075,895	
2032-2034	915,000	39,800	--	--	954,800	
Totals	\$ 6,108,314	\$ 966,108	\$ --	\$ --	\$ 7,074,422	

The following is a list of General Obligation Bonds, Revenue Bonds and Notes Payable at September 30, 2021:

Governmental Activities:

Certificates of Obligation

2015 Combination Tax and Revenue Certificates of Obligation; principal plus interest varying from 2.0% to 3.0% due semi-annually through August 26, 2027.	\$ 1,006,685
2021 Combination Tax and Revenue Certificates of Obligation; principal plus interest varying from 2.0% to 3.0% due semi-annually through August 15, 2041.	5,945,000
Total Certificates of Obligation	<u>6,951,685</u>

CITY OF GILMER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Notes Payable

Note payable to Gilmer National Bank; principal plus interest at 3.25%, due monthly through September 5, 2027. 36,115

Sales Tax and Revenue Refunding Bonds

(an obligation of Gilmer Economic Development Corporation, a blended component unit of the City of Gilmer)

2021 Sales Tax and Revenue Refunding Bonds; principal plus interest at 2.16% due semi-annually through July 15, 2033. 1,615,000

Total Governmental Activities \$ 8,602,800

Business-Type Activities:

Refunding Bonds

2020 Waterworks and Sewer System Refunding Bonds; principal plus interest varying from 2.0% to 4.00% due semi-annually through July 1, 2034. \$ 3,005,000

2013 General Obligation Refunding Bonds Series 2013; principal plus interest varying from 2.0% to 3.0% due semi-annually through May 15, 2027. 2,130,000

Total Refunding Bonds 5,135,000

Tax and Revenue Certificates of Obligation

2015 Combination Tax and Revenue Certificates of Obligation; principal plus interest varying from 2.0% to 3.0% due semi-annually through August 15, 2027. 973,314

Total Certificates of Obligation 973,314

Total Business-Type Activities \$ 6,108,314

3. Advance Refunding of Debt

On May 6, 2021, the Economic Development Corporation (a component unit) issued \$1,620,000 in sales tax revenue refunding bonds with an interest rate of 2.16%. The EDC issued the bonds to advance refund the outstanding 2011 Sales Tax Revenue bonds with interest rates ranging from 4.00% to 5.00%. The EDC used the net proceeds along with other resources in the amount of \$1,364,050 to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the 2011 bonds. As a result, the 2011 series bonds are considered defeased, and the EDC has removed the liability from its accounts. The advance refunding reduced total debt service payments over the next 12 years by \$2,078,151. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$455,913.

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

H. Pension Plan

1. Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

2. 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 plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	6.00%
Matching ratio (city to employee)	2:1
Updated service credit rate	100T
Annuity increase	70.00%
Vesting requirements	5 years
Service retirement eligibilities (express as age/years of service)	60/5; 0/20

Employees covered by benefit terms:

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

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	31
Active employees	48
Total covered employees	<u>124</u>

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Employees for the City were required to contribute 6.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.34% and 13.39% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$290,463, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 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.

Actuarial assumptions used in the December 31, 2020, valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period 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 healthy annuitants and Annuity Purchase Rate (APRs) are 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equities	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
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	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 10,697,331	\$ 9,446,259	\$ 1,251,072
Changes for the year			
Service cost	319,480	--	319,480
Interest	715,144	--	715,144
Change of benefit terms	--	--	--
Difference between expected and actual experience	(208,736)	--	(208,736)
Changes of assumptions	--	--	--
Contributions - employer	--	288,745	(288,745)
Contributions - employee	--	129,870	(129,870)
Net investment income	--	717,114	(717,114)
Benefit payments, including refunds of employee contributions	(524,684)	(524,684)	--
Administrative expense	--	(4,640)	4,640
Other changes	--	(181)	181
Net changes	301,204	606,224	(305,020)
Balance at 12/31/2020	\$ 10,998,535	\$ 10,052,483	\$ 946,052

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 2,472,318	\$ 946,052	\$ (299,478)

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report, by participating city. That report may be obtained at www.tmr.com.

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

For the year ended September 30, 2021, the City recognized pension expense of \$74,111.

At September 30, 2021, the City 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	\$ --	\$ --
Changes in actuarial assumptions	22,288	--
Difference between projected and actual investment earnings	--	513,657
Contributions subsequent to the measurement date	218,890	--
Total	<u>\$ 241,178</u>	<u>\$ 513,657</u>

\$218,890 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement	
Year ended Dec. 31:	
2021	\$ (211,638)
2022	(56,724)
2023	(207,107)
2024	(15,900)
2025	--
Thereafter	--

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)

1. Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the "System") established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Of the nine-member State Board of Trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. On August 31 of the following years, contributing fire and/or emergency services member departments participating in TESRS were:

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Contributing Departments</u>
2019	237
2020	238

Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

2. Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at a rate of 6.2% compounded annually. There is no provision for automatic post-retirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death and disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

3. Covered Membership

On August 31 of the following fiscal years, the pension system membership consisted of:

	<u>2019</u>	<u>2020</u>
Retirees and beneficiaries currently receiving benefits	3,649	3,837
Terminated members entitled to but not yet receiving benefits	1,842	1,787
Active participants	3,702	3,634

4. Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

According to the state law governing the System, the State is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contributions arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2020 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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

5. Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ended August 31, 2020, total contributions of \$3,755,240 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated \$1,329,224 for the fiscal year ended August 31, 2020.

The purpose of the biennial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in Section I(B)(1).

The most recently completed biennial actuarial valuation as of August 31, 2020 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

6. Net Pension Liability

The System's net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.

Total pension liability	\$ 150,440,543
Plan fiduciary net position	125,229,661
System's net pension liability	<u>\$ 25,210,882</u>
 Plan fiduciary net position as a percentage of the total pension liability	 83.2%

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and retirees, projected for mortality improvement generationally using projection scale MP-2019.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.60%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Equities		
Large cap domestic	20.00%	5.83%
Small/mid cap domestic	10.00%	5.94%
Developed international	15.00%	6.15%
Emerging markets	5.00%	7.25%
Global infrastructure	5.00%	6.41%
Real estate	10.00%	4.48%
Multi asset income	5.00%	3.84%
Fixed income	30.00%	1.99%
Cash	--	--
Total	100.00%	
Weighted average		4.60%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. 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.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, in comparison to what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 78,203	\$ 40,589	\$ 14,456
System's net pension liability	48,573,075	25,210,882	8,978,976

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TESRS financial report. That report may be obtained at www.tesrs.org.

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

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

At September 30, 2021, the City reported a liability of \$40,589 for its proportionate share of the TESRS's net pension liability.

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions to the pension plan relative to the contributions of all participating departments to the plan for the period September 1, 2019 through August 31, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$8,977.

At September 30, 2021, 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	\$ --	\$ 2,000
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	220	--
Contributions subsequent to the measurement date	7,360	--
Total	<u>\$ 7,580</u>	<u>\$ 2,000</u>

\$7,360 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement	
Year Ending August 31:	
2021	\$ (1,727)
2022	(355)
2023	1,396
2024	(1,094)

AGGREGATION OF PENSION RELATED BALANCES

The following is an aggregation of pension related balances reflected in the financial statements:

	TMRS	TESRS	Total
Deferred outflow of resources related to pensions	\$ 241,178	\$ 7,580	\$ 248,758
Net pension liability	946,052	40,589	986,641
Deferred inflows of resources related to pensions	513,657	2,000	515,657
Pension expense/expenditures	74,111	8,977	83,088

I. Post-Employment Benefits Other Than Pensions (OPEB)

1. Plan Description

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

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

2. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post employment benefit (OPEB) and is a fixed amount of \$7,500.

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

Inactive employees current receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	4
Active employees	48
Total	83

3. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retirees term life insurance during employees' careers.

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

The retiree portion of contribution rates to the SDBF for the City were 0.05% and 0.15% in calendar years 2020 and 2021, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were \$2,699, and were equal to the required contributions.

4. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

5. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.00%
Retiree's share of benefit-related costs	-

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Salary increases were based on a service-related table. Mortality rates for service retirees were 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 tables. The rates for active, 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 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 December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.00% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

6. Changes in the Total OPEB Liability

Total OPEB liability - December 31, 2019	\$	182,293
Changes for the year:		
Service cost		8,225
Interest on total OPEB liability		5,111
Differences between expected and actual experience		(5,655)
Changes in assumptions or other inputs		26,824
Benefit payments		(1,082)
Net changes		<u>33,423</u>
Total OPEB liability - December 31, 2020	\$	<u>215,716</u>

7. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.00%) or 1% higher (3.00%) than the current rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's Total OPEB Liability	\$ 259,391	\$ 215,716	\$ 180,916

8. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$18,384. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 16,634
Change in assumptions and other inputs	38,709	--
Contributions made subsequent to measurement date	2,450	--
Total	<u>\$ 41,159</u>	<u>\$ 16,634</u>

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

The \$2,450 reported as deferred outflows of resources related to OPEB resulted from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ending December 31:		
2021	\$	5,048
2022		4,117
2023		4,686
2024		5,855
2025		2,369
	\$	<u>22,075</u>

J. Health Care Coverage

The City of Gilmer provides health and dental insurance benefits for its employees. The City contracts with the Texas Municipal League for health insurance. The City does not retain any risk of loss for health care benefits. The total cost to the City of Gilmer for the fiscal year ended September 30, 2021 was \$453,588. The cost of health and dental insurance benefits is recognized as an expenditure as it is paid. The general fund contributed \$345,762, the water and sewer fund contributed \$106,573, and other governmental funds contributed \$1,253.

K. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the City at September 30, 2021.

L. Deferred Compensation

Employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plan with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of GASB Statement No. 32, an IRC Section 457 deferred compensation plan's deferred compensation and income attributable to the investment of deferred compensation amounts are held in trust, until paid or made available to the employees or beneficiaries and are the property of the employees and are not accessible by the City or its creditors.

The City does not perform the investing function or have significant administrative involvement in the handling of the plan.

CITY OF GILMER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

M. Restricted Fund Balance and Net Position

As of September 30, 2021, fund balances restricted for other purposes were as follows:

General Fund	
Hotel-Motel tax	\$ 42,276
Court restricted funds	17,016
LEOSE	3,301
Wal-mart grant for police department	19,186
Parks	98,873
	<u>\$ 180,652</u>
Other Governmental Funds	
Police Dept. Seizure Fund	\$ 17,358
Civic Center	6,802
USDA Loan Program	126,066
	<u>\$ 150,226</u>

As of September 30, 2021, fund balance assigned for specific purposes was as follows:

General Fund	
Planning and zoning master plan	\$ 25,051
Main Street	28,912
Fire department	734
Police department	2,741
Park projects	3,395
Cemetery	2,736
Civic Center	551
Chamber Christmas decorations	472
	<u>\$ 64,592</u>

As of September 30, 2021, net position restricted for other purposes was as follows:

Governmental Activities	
Hotel-Motel tax	\$ 42,276
Court restricted funds	21,191
LEOSE	3,301
Wal-Mart grant for police department	19,186
Parks	98,873
Police Dept. Seizure Fund	17,358
Civic Center Fund	6,802
USDA Loan Program	126,066
	<u>\$ 335,053</u>

N. Subsequent Events

Management has evaluated subsequent events through March 23, 2022, the date on which the financial statements were available to be issued.

O. Prior Period Adjustment

Beginning net position for the airport fund has been increased by \$66,761, to recognize the value of land that was acquired by the City in a prior year.

This page is left blank intentionally.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF GILMER, TEXAS
 SCHEDULE OF THE CITY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Measurement Period						
	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.161%	0.159%	0.133%	0.120%	0.104%	0.120%	0.099%
City's proportionate share of the net pension liability (asset)	\$ 40,589	\$ 45,069	\$ 28,795	\$ 28,802	\$ 30,293	\$ 32,031	\$ 17,990
State's proportionate share of the net pension liability (asset) associated with the City	56,724	64,076	39,857	43,203	46,299	49,024	27,172
Total	<u>\$ 97,313</u>	<u>\$ 109,145</u>	<u>\$ 68,652</u>	<u>\$ 72,005</u>	<u>\$ 76,592</u>	<u>\$ 81,055</u>	<u>\$ 45,162</u>
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	83.20%	80.20%	84.30%	81.40%	76.30%	76.90%	83.50%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF GILMER, TEXAS
 SCHEDULE OF CITY CONTRIBUTIONS
 TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,360	\$ 5,602	\$ 8,335	\$ 7,585	\$ 7,244	\$ 6,572	\$ 8,408
Contributions in relation to the contractually required contribution	(7,360)	(5,602)	(8,335)	(7,585)	(7,244)	(6,572)	(8,408)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CITY OF GILMER, TEXAS
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Measurement Period						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 319,480	\$ 322,212	\$ 314,796	\$ 311,374	\$ 312,601	\$ 279,905	\$ 251,495
Interest	715,144	682,742	657,972	614,768	572,622	556,162	536,347
Changes of benefit terms	--	--	--	--	--	--	--
Differences between expected and actual experience	(208,736)	(79,307)	(202,214)	58,777	52,439	(18,474)	(159,024)
Changes of assumptions	--	46,124	--	--	--	26,163	--
Benefit payments, including refunds of employee contributions	(524,684)	(456,067)	(358,522)	(334,623)	(290,697)	(353,280)	(366,623)
Net change in total pension liability	301,204	515,704	412,032	650,296	646,965	490,476	262,195
Total pension liability - beginning	10,697,331	10,181,627	9,769,595	9,119,299	8,472,334	7,981,858	7,719,663
Total pension liability - ending (a)	\$ 10,998,535	\$ 10,697,331	\$ 10,181,627	\$ 9,769,595	\$ 9,119,299	\$ 8,472,334	\$ 7,981,858
Plan fiduciary net position:							
Contributions - employer	\$ 288,745	\$ 299,742	\$ 296,037	\$ 290,031	\$ 274,402	\$ 273,687	\$ 254,283
Contributions - employee	129,870	131,694	129,368	128,049	127,332	120,303	116,111
Net investment income	717,114	1,269,294	(251,574)	1,012,684	456,045	9,890	362,730
Benefit payments, including refunds of employee contributions	(524,684)	(456,067)	(358,522)	(334,623)	(290,697)	(353,280)	(366,623)
Administrative expense	(4,640)	(7,171)	(4,862)	(5,249)	(5,149)	(6,024)	(3,787)
Other	(181)	(216)	(254)	(266)	(277)	(298)	(311)
Net change in plan fiduciary net position	606,224	1,237,276	(189,807)	1,090,626	561,656	44,278	362,403
Plan fiduciary net position - beginning	9,446,259	8,208,983	8,398,790	7,308,164	6,746,508	6,702,228	6,339,825
Plan fiduciary net position - ending (b)	\$ 10,052,483	\$ 9,446,259	\$ 8,208,983	\$ 8,398,790	\$ 7,308,164	\$ 6,746,506	\$ 6,702,228
City's net pension liability - ending (a) - (b)	\$ 946,052	\$ 1,251,072	\$ 1,972,644	\$ 1,370,805	\$ 1,811,135	\$ 1,725,828	\$ 1,279,630
Plan fiduciary net position as a percentage of the total pension liability	91.40%	88.30%	80.63%	85.97%	80.14%	79.63%	83.97%
Covered payroll	\$ 2,164,495	\$ 2,194,903	\$ 2,156,138	\$ 2,134,157	\$ 2,122,206	\$ 2,005,048	\$ 1,935,190
City's net pension liability as a percentage of covered payroll	43.71%	57.00%	91.49%	64.23%	85.34%	86.07%	66.12%

Notes to Schedule:

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF GILMER, TEXAS
 SCHEDULE OF CITY CONTRIBUTIONS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 290,463	\$ 300,042	\$ 304,415	\$ 299,244	\$ 290,855	\$ 282,331	\$ 270,366
Contributions in relation to the actuarially determined contribution	(290,463)	(300,042)	(304,415)	(299,244)	(290,855)	(282,331)	(270,366)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 2,130,159	\$ 2,199,804	\$ 2,190,102	\$ 2,151,563	\$ 2,197,347	\$ 2,104,321	\$ 2,002,551
Contributions as a percentage of covered-employee payroll	13.64%	13.64%	13.90%	13.91%	13.24%	13.42%	13.50%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	25 Years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The Rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

There were no benefit changes during the year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CITY OF GILMER, TEXAS
 SCHEDULE OF CITY OPEB CONTRIBUTIONS
 SUPPLEMENTAL DEATH BENEFITS FUND ADMINISTERED
 BY TEXAS MUNICIPAL RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year			
	2021	2020	2019	2018
Statutorily or contractually required City contribution	\$ 2,699	\$ 1,153	\$ 1,209	\$ 1,454
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(2,699)	(1,153)	(1,209)	(1,454)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
City's covered-employee payroll	\$ 2,130,159	\$ 2,199,804	\$ 2,190,102	\$ 2,151,563
Contributions as a percentage of covered-employee payroll	0.13%	0.05%	0.06%	0.07%

Notes to schedule:

The plan is funded on a pay-as-you-go basis and there are no assets being accumulated in trust to pay benefits.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CITY OF GILMER, TEXAS

SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
SUPPLEMENTAL DEATH BENEFITS FUND ADMINISTERED
BY TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Mmeasurement Period			
	2020	2019	2018	2017
Total OPEB liability:				
Service cost	\$ 8,225	\$ 6,146	\$ 6,684	\$ 5,762
Interest	5,111	5,702	5,589	5,499
Changes of benefit terms	--	--	--	--
Differences between expected and actual experience	(5,655)	(7,618)	(15,327)	--
Changes of assumptions or other inputs	26,824	28,093	(10,733)	12,713
Benefit payments	(1,082)	(1,317)	(861)	(314)
Net change in total OPEB liability	33,423	31,006	(14,648)	23,660
Total OPEB liability - beginning	182,293	151,287	165,935	142,275
Total OPEB liability - ending	\$ 215,716	\$ 182,293	\$ 151,287	\$ 165,935
Covered-employee payroll	\$ 2,166,506	\$ 2,194,903	\$ 2,156,138	\$ 2,134,157
Total OPEB liability as a percentage of covered-employee payroll	9.96%	8.31%	7.02%	7.78%

Notes to Schedule:

The plan is funded on a pay-as-you-go basis and there are no assets being accumulated in trust to pay benefits.

The TMRS Supplemental Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CITY OF GILMER, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2021

	PD Seizure Fund	Civic Center Fund	USDA Revolving Loan	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS AND OTHER DEBITS:				
Cash	\$ 17,358	\$ 19,653	\$ 118,162	\$ 155,173
Receivables:				
Due from other funds	--	2,978	--	2,978
Notes receivable	--	--	7,904	7,904
Prepaid expenditures	--	553	--	553
TOTAL ASSETS	<u>\$ 17,358</u>	<u>\$ 23,184</u>	<u>\$ 126,066</u>	<u>\$ 166,608</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:				
LIABILITIES:				
Accounts payable	\$ --	\$ 2,299	\$ --	\$ 2,299
Other liabilities	--	11,125	--	11,125
Accrued wages	--	2,004	--	2,004
Accrual for compensated absences	--	401	--	401
TOTAL LIABILITIES	<u>--</u>	<u>15,829</u>	<u>--</u>	<u>15,829</u>
DEFERRED INFLOWS OF RESOURCES:				
FUND BALANCE:				
Nonspendable	--	553	--	553
Restricted for other purposes	17,358	6,802	126,066	150,226
TOTAL FUND BALANCE	<u>17,358</u>	<u>7,355</u>	<u>126,066</u>	<u>150,779</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 17,358</u>	<u>\$ 23,184</u>	<u>\$ 126,066</u>	<u>\$ 166,608</u>

CITY OF GILMER, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	PD Seizure Fund	Civic Center Fund	USDA Revolving Loan	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
REVENUES:				
Fines and forfeitures	\$ 2,725	\$ --	\$ --	\$ 2,725
Investment income	14	1	439	454
Rents and royalties	--	26,979	--	26,979
Grant revenue	--	38,560	--	38,560
Other revenue	--	2,728	--	2,728
TOTAL REVENUES	<u>2,739</u>	<u>68,268</u>	<u>439</u>	<u>71,446</u>
EXPENDITURES:				
Current:				
Civic center	--	85,025	--	85,025
Principal on long-term debt	--	5,365	--	5,365
Interest on long-term debt	--	1,268	--	1,268
TOTAL EXPENDITURES	<u>--</u>	<u>91,658</u>	<u>--</u>	<u>91,658</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,739</u>	<u>(23,390)</u>	<u>439</u>	<u>(20,212)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	--	38,636	--	38,636
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>38,636</u>	<u>--</u>	<u>38,636</u>
NET CHANGE IN FUND BALANCES	<u>2,739</u>	<u>15,246</u>	<u>439</u>	<u>18,424</u>
FUND BALANCE - BEGINNING	<u>14,619</u>	<u>(7,891)</u>	<u>125,627</u>	<u>132,355</u>
FUND BALANCE - ENDING	<u>\$ 17,358</u>	<u>\$ 7,355</u>	<u>\$ 126,066</u>	<u>\$ 150,779</u>

CITY OF GILMER, TEXAS
 CIVIC CENTER FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ --	\$ --	\$ 1	\$ 1
Rents and royalties	36,000	36,000	26,979	(9,021)
Grant revenue	--	--	38,560	38,560
Other revenue	1,268	1,268	2,728	1,460
TOTAL REVENUES	<u>37,268</u>	<u>37,268</u>	<u>68,268</u>	<u>31,000</u>
EXPENDITURES:				
Current:				
Civic center	45,800	45,800	85,025	(39,225)
Principal on long-term debt	5,365	5,365	5,365	--
Interest on long-term debt	1,268	1,268	1,268	--
TOTAL EXPENDITURES	<u>52,433</u>	<u>52,433</u>	<u>91,658</u>	<u>(39,225)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,165)</u>	<u>(15,165)</u>	<u>(23,390)</u>	<u>(8,225)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	15,165	15,165	38,636	23,471
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,165</u>	<u>15,165</u>	<u>38,636</u>	<u>(23,471)</u>
NET CHANGE IN FUND BALANCES	--	--	15,246	15,246
FUND BALANCE - BEGINNING	(7,891)	(7,891)	(7,891)	--
FUND BALANCE - ENDING	<u>\$ (7,891)</u>	<u>\$ (7,891)</u>	<u>\$ 7,355</u>	<u>\$ 15,246</u>

CITY OF GILMER, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 569,403	\$ 569,403	\$ 584,262	\$ 14,859
Investment income	250	250	302	52
TOTAL REVENUES	<u>569,653</u>	<u>569,653</u>	<u>584,564</u>	<u>14,911</u>
EXPENDITURES:				
Current:				
Principal on long-term debt	310,000	310,000	157,613	152,387
Interest on long-term debt	46,990	46,990	16,622	30,368
Debt service fees	900	900	3,400	(2,500)
TOTAL EXPENDITURES	<u>357,890</u>	<u>357,890</u>	<u>177,635</u>	<u>180,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>211,763</u>	<u>211,763</u>	<u>406,929</u>	<u>195,166</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	--	--	121,180	121,180
Transfers out	(211,513)	(211,513)	(391,768)	(180,255)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(211,513)</u>	<u>(211,513)</u>	<u>(270,588)</u>	<u>59,075</u>
NET CHANGE IN FUND BALANCES	250	250	136,341	136,091
FUND BALANCE - BEGINNING	50,523	50,523	50,523	--
FUND BALANCE - ENDING	<u>\$ 50,773</u>	<u>\$ 50,773</u>	<u>\$ 186,864</u>	<u>\$ 136,091</u>

STATISTICAL SECTION

Unaudited

STATISTICAL SECTION

This part of the City of Gilmer, Texas'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.

Contents	Page
Financial Trends	77
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	84
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	88
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.	
Demographic and Economic Information	93
These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	95
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

This page is left blank intentionally.

Table 1

City of Gilmer, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 8,048,209	\$ 7,039,867	\$ 6,821,524	\$ 7,358,654	\$ 7,955,663	\$ 6,702,490	\$ 6,712,916	\$ 6,727,154	\$ 6,765,110	\$ 6,959,543
Restricted	7,457,551	1,936,525	1,673,212	1,563,527	1,465,125	1,501,965	2,551,895	700,632	701,565	814,308
Unrestricted (Deficit)	(4,892,705)	913,340	916,400	357,574	(142,932)	(576,036)	(1,492,960)	817,238	685,175	405,375
Total governmental activities net position	\$ 10,613,055	\$ 9,889,732	\$ 9,411,136	\$ 9,279,755	\$ 9,277,856	\$ 7,628,419	\$ 7,771,851	\$ 8,245,024	\$ 8,151,850	\$ 8,179,226
Business-type activities										
Net investment in capital assets	\$ 11,520,465	\$ 11,400,545	10,612,940	\$ 10,209,670	\$ 9,636,185	\$ 5,907,504	\$ 9,885,063	\$ 8,891,967	\$ 7,961,192	\$ 8,295,496
Restricted	724,942	89,166	109,639	110,099	109,835	109,518	108,512	107,964	107,149	112,609
Unrestricted	3,335,438	2,917,649	2,436,261	2,188,859	1,757,345	5,397,271	1,067,991	2,365,593	2,879,126	1,992,501
Total business-type activities net position	\$ 15,580,845	\$ 14,407,360	\$ 13,158,840	\$ 12,508,628	\$ 11,503,365	\$ 11,414,293	\$ 11,061,566	\$ 11,365,524	\$ 10,947,467	\$ 10,400,606
Primary government										
Net investment in capital assets	\$ 19,568,674	\$ 18,440,412	\$ 17,434,464	\$ 17,568,324	\$ 17,591,848	\$ 12,609,994	\$ 16,597,979	\$ 15,619,121	\$ 14,726,302	\$ 15,255,039
Restricted	8,182,493	2,025,691	1,782,851	1,673,626	1,574,960	1,611,483	2,660,407	808,596	808,714	926,917
Unrestricted	(1,557,267)	3,830,989	3,352,661	2,546,433	1,614,413	4,821,235	(424,969)	3,182,831	3,564,301	2,397,876
Total primary government net position	\$ 26,193,900	\$ 24,297,092	\$ 22,569,976	\$ 21,788,383	\$ 20,781,221	\$ 19,042,712	\$ 18,833,417	\$ 19,610,548	\$ 19,099,317	\$ 18,579,832

Table 2

City of Gilmer, Texas
CHANGES IN NET POSITION
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 819,532	\$ 758,804	\$ 794,536	\$ 848,024	\$ 968,971	\$ 947,749	\$ 1,028,761	\$ 977,054	\$ 839,734	\$ 793,623
Civic Center	210,922	266,937	278,199	262,703	191,787	185,372	169,737	174,461	161,387	173,044
Community services	144,067	158,916	167,865	174,063	167,866	180,719	191,749	522,829	158,730	146,795
Public safety	2,162,602	2,278,625	2,263,525	2,316,510	2,238,950	2,150,448	2,067,871	2,022,473	1,872,936	1,778,069
Public works	556,909	515,788	641,286	621,519	571,870	899,680	459,204	349,254	343,217	397,148
Economic Development	287,427	297,806	297,806	-	-	-	-	-	-	-
Interest and fiscal agent fees	333,255	174,782	198,267	201,809	211,190	210,818	237,449	199,727	205,170	221,642
Total governmental activities expenses	4,514,714	4,451,658	4,641,484	4,424,628	4,350,634	4,574,786	4,154,771	4,245,798	3,581,174	3,510,321
Business-type activities:										
Water and Sewer fund	1,767,271	2,041,456	1,947,329	1,809,312	1,745,905	1,754,049	1,703,410	1,591,831	1,567,952	1,595,551
Sanitation fund	763,210	727,774	697,238	682,409	669,563	644,852	652,295	632,674	641,935	632,599
Airport fund	211,130	81,711	123,348	79,790	88,715	72,915	69,340	66,338	73,633	70,427
Total business-type activities expenses	2,741,611	2,850,941	2,767,915	2,571,511	2,504,183	2,471,816	2,425,045	2,290,843	2,283,520	2,298,577
Total primary government expenses	\$ 7,256,325	\$ 7,302,599	\$ 7,409,399	\$ 6,996,139	\$ 6,854,817	\$ 7,046,602	\$ 6,579,816	\$ 6,536,641	\$ 5,864,694	\$ 5,808,898
Program Revenues										
Governmental activities:										
Charges for services:	\$ 420,334	\$ 373,334	\$ 443,157	\$ 403,071	\$ 421,763	\$ 386,407	\$ 400,584	\$ 292,131	\$ 356,838	\$ 371,881
Operating grants and contributions	41,090	288,446	6,953	7,627	1,686	1,831	-	12,486	5,000	101,426
Capital grants and contributions	-	-	15,882	58,937	1,468,902	100,000	29,000	353,777	-	-
Total governmental activities program revenues	461,424	661,780	465,992	469,635	1,892,351	488,238	429,584	658,394	361,838	473,307
Business-type activities:										
Charges for services:	3,032,047	2,999,656	2,976,975	3,179,677	3,018,087	2,840,434	2,772,382	2,837,372	3,038,290	2,960,930
Operating grants and contributions	21,489	29,739	6,298	11,000	8,563	-	6,420	6,146	12,620	9,018
Capital grants and contributions	657,385	591,184	296,669	179,623	214,573	600,503	141,668	-	-	-
Total business-type activities program revenues	3,710,921	3,620,579	3,279,942	3,370,300	3,241,223	3,440,937	2,920,470	2,843,518	3,050,910	2,969,948
Total primary government program revenues	\$ 4,172,345	\$ 4,282,359	\$ 3,745,934	\$ 3,839,935	\$ 5,133,574	\$ 3,929,175	\$ 3,350,054	\$ 3,501,912	\$ 3,412,748	\$ 3,443,255

Coty of Gilmer, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expenses) Revenue										
Governmental activities	\$ (4,053,290)	\$ (3,789,878)	\$ (4,175,492)	\$ (3,954,993)	\$ (2,458,283)	\$ (4,086,548)	\$ (3,725,187)	\$ (3,587,404)	\$ (3,219,336)	\$ (3,037,014)
Business-type activities	969,310	769,638	512,027	798,789	737,040	969,121	495,425	552,675	767,390	671,371
Total primary government net expense	\$ (3,083,980)	\$ (3,020,240)	\$ (3,663,465)	\$ (3,156,204)	\$ (1,721,243)	\$ (3,117,427)	\$ (3,229,762)	\$ (3,034,729)	\$ (2,451,946)	\$ (2,365,643)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,026,907	\$ 2,019,621	\$ 1,948,381	\$ 1,908,068	\$ 1,814,689	\$ 1,786,542	\$ 1,703,337	\$ 1,696,137	\$ 1,652,901	\$ 1,602,367
Sales taxes	2,253,551	2,105,042	1,900,238	1,767,272	1,649,954	1,602,074	1,502,969	1,372,365	1,408,116	1,345,814
Franchise Fees	407,668	392,935	322,465	332,181	319,980	318,245	338,410	340,188	231,683	213,583
Other taxes	62,348	54,022	61,302	54,268	56,213	61,625	56,214	54,966	49,427	37,161
Penalty & Interest	29,990	18,233	16,235	14,469	21,520	24,188	14,182	14,394	19,160	36,067
Investment earnings	39,224	32,299	38,871	23,815	17,858	23,074	18,048	8,978	6,995	7,791
Miscellaneous Revenue	73,229	78,456	67,646	89,365	72,395	62,740	68,479	46,771	62,004	69,987
Gain(Loss) on Disposition of Assets	-	(10,942)	8,808	96,170	80,277	-	(46,375)	-	-	51,675
Transfers	(116,304)	(421,192)	(57,072)	(216,318)	74,834	64,628	618,157	146,779	(56,808)	(79,029)
Total governmental activities	4,776,613	4,268,474	4,306,874	4,069,290	4,107,720	3,943,116	4,273,421	3,680,578	3,373,478	3,285,416
Business-type activities:										
Investment earnings	15,548	18,558	18,429	18,091	13,273	11,719	12,146	12,161	13,285	12,838
Miscellaneous Revenue	8,552	14,204	62,270	-	-	-	-	-	-	-
Gain(Loss) on Disposition of Assets	(2,990)	24,926	39,770	1,942	56,231	(563,485)	-	-	(129,566)	(1,929)
Transfers	116,304	421,192	57,072	216,318	(74,834)	(64,628)	(618,157)	(146,779)	56,808	79,029
Total business-type activities	137,414	478,880	177,541	236,351	(5,330)	(616,394)	(606,011)	(134,618)	(59,473)	89,938
Total primary government	\$ 4,914,027	\$ 4,747,354	\$ 4,484,415	\$ 4,305,641	\$ 4,102,390	\$ 3,326,722	\$ 3,667,410	\$ 3,545,960	\$ 3,314,005	\$ 3,375,354
Change in Net Position										
Governmental activities	\$ 723,323	\$ 478,596	\$ 131,382	\$ 114,297	\$ 1,649,437	\$ (143,432)	\$ 548,234	\$ 93,174	\$ 154,142	\$ 248,402
Business-type activities	1,106,724	1,248,518	689,568	1,035,140	731,710	352,727	(110,586)	418,057	707,917	761,309
Total primary government	\$ 1,830,047	\$ 1,727,114	\$ 820,950	\$ 1,149,437	\$ 2,381,147	\$ 209,295	\$ 437,648	\$ 511,231	\$ 862,059	\$ 1,009,711

City of Gilmer, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 4,175	\$ 3,977	\$ -	\$ -	\$ 9,929	\$ 7,362	\$ -	\$ -	\$ -	\$ -
Restricted	238,058	207,512	190,727	320,368	388,551	585,414	1,820,752	47,258	46,481	32,317
Assigned	64,592	75,413	252,112	78,614	173,460	67,930	64,694	64,620	18,872	-
Unassigned	2,612,671	1,965,730	1,813,117	1,434,605	990,025	801,510	1,106,046	648,288	567,541	308,761
Total general fund	<u>\$ 2,919,496</u>	<u>\$ 2,252,632</u>	<u>\$ 2,255,956</u>	<u>\$ 1,833,587</u>	<u>\$ 1,561,965</u>	<u>\$ 1,462,216</u>	<u>\$ 2,991,492</u>	<u>\$ 760,166</u>	<u>\$ 632,894</u>	<u>\$ 341,078</u>
All Other Governmental Funds										
Nonspendable	\$ 553	\$ 552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for Debt Service	704,289	1,675,988	1,381,748	1,144,113	974,592	832,189	679,504	582,458	595,472	693,561
Restricted for Construction	6,498,643	-	-	-	-	-	-	-	-	-
Restricted for Other Purposes	150,226	140,245	142,710	137,006	137,196	125,694	114,776	120,583	110,069	141,538
Unassigned	-	(8,444)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 7,353,711</u>	<u>\$ 1,808,341</u>	<u>\$ 1,524,458</u>	<u>\$ 1,281,119</u>	<u>\$ 1,111,788</u>	<u>\$ 957,883</u>	<u>\$ 794,280</u>	<u>\$ 703,041</u>	<u>\$ 705,541</u>	<u>\$ 835,099</u>

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2012.

This page is left blank intentionally.

City of Gilmer, Texas
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Property Taxes	2,032,488	2,035,760	\$ 1,939,448	\$ 1,887,755	\$ 1,814,372	\$ 1,804,492	\$ 1,695,959	\$ 1,683,175	\$ 1,645,846	\$ 1,651,562
Penalty & Interest	29,990	18,233	16,235	14,981	21,520	24,188	14,182	14,394	19,160	36,067
Sales Tax	2,253,551	2,105,042	1,900,238	1,767,272	1,649,954	1,602,074	1,502,969	1,372,365	1,408,116	1,345,814
Franchise Fees	407,668	392,935	322,465	332,181	319,980	318,246	338,410	340,188	231,683	213,583
Other Taxes	62,348	54,022	61,302	53,756	56,213	61,625	56,214	54,966	49,427	37,161
Fines and forfeitures	185,434	177,812	231,699	206,197	216,953	235,210	259,838	168,331	214,033	229,623
Licenses, permits, and fees	41,102	32,221	39,581	36,667	23,784	26,856	24,633	37,441	28,525	32,964
Intergovt. Revenue & Grants	126,000	126,000	126,000	126,000	122,954	73,540	60,809	59,684	69,089	167,497
Investment earnings	39,223	32,299	38,871	23,815	17,858	23,075	18,048	8,977	6,995	7,791
Rents & Royalties	43,737	35,049	38,595	35,481	38,800	45,948	50,184	42,699	46,400	38,432
Grant Revenue	41,090	288,446	20,035	17,057	234,792	101,831	29,000	366,264	-	-
Donations	-	-	-	49,507	1,235,796	-	-	1,000	100	1,600
Other revenue	70,871	89,669	65,616	64,991	87,113	62,740	83,547	49,637	61,904	68,388
Total Revenues	5,333,502	5,387,488	4,800,085	4,615,660	5,840,089	4,379,825	4,133,793	4,199,121	3,781,278	3,830,482
Expenditures										
Current:										
Legislative	35,720	28,839	25,693	21,864	30,005	26,940	29,248	28,600	26,894	24,678
Municipal Court	76,043	83,031	83,700	86,393	84,075	86,969	92,867	79,690	78,617	78,069
Executive/Administration	231,541	224,736	232,377	268,506	316,674	392,383	479,442	339,967	274,791	260,619
Community Services	144,433	150,281	156,308	147,105	140,512	166,289	181,424	494,391	163,407	136,029
Financial Administration	179,780	177,685	174,276	164,495	163,758	156,835	170,028	177,622	160,009	145,057
Police Department	1,500,448	1,572,120	1,443,036	1,466,656	1,340,591	1,350,877	1,484,964	1,316,445	1,222,123	1,272,561
Fire Department	657,375	1,130,739	660,257	625,501	638,413	692,493	544,512	530,265	523,595	476,032
Street Department	406,337	323,446	301,282	324,297	823,721	2,116,784	364,801	420,315	275,493	374,562
Parks & Lake	67,355	108,095	128,495	87,248	138,559	500	-	-	-	-
Civic Center	85,025	137,564	147,134	158,336	1,431,960	137,523	148,204	118,228	126,637	111,216
Non-Departmental	288,387	236,235	229,711	238,161	246,708	193,396	291,158	256,150	248,873	241,875
Debt Service:										
Principal retirement	347,978	327,718	307,303	294,451	277,022	254,228	270,000	260,000	255,000	245,000
Interest and fiscal changes	101,791	182,349	193,640	204,155	212,185	232,334	187,325	199,454	204,200	211,740
Bond/Agent Fees	182,920	2,900	2,900	1,550	3,050	2,575	35,592	-	2,573	2,481
Total Expenditures	4,305,133	4,685,738	4,086,112	4,088,718	5,847,233	5,810,126	4,279,565	4,221,127	3,562,212	3,579,919

City of Gilmer, Texas
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Excess of Revenues Over (Under)										
Expenditures	1,028,369	701,750	713,973	526,942	(7,144)	(1,430,301)	(145,772)	(22,006)	219,066	250,563
Other financing sources (uses)										
Sale of Assets	-	-	8,808	130,330	129,462	-	-	-	-	51,675
Loan Proceeds	-	-	-	-	56,500	-	-	-	-	-
Transfers in	549,594	261,903	606,037	961,042	795,188	775,438	1,436,104	761,102	635,358	516,306
Transfers out	(665,898)	(683,095)	(663,109)	(1,177,360)	(720,354)	(710,809)	(817,946)	(614,323)	(692,166)	(595,336)
General obligation bonds issued	5,945,000	-	-	-	-	-	-	-	-	-
Refunding bonds issued	1,620,000	-	-	-	-	-	1,810,000	-	-	-
Premium on general obligation bonds issued	674,712	-	-	-	-	-	40,179	-	-	-
Payment to refunded bond escrow agent	(2,939,544)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	5,183,864	(421,192)	(48,264)	(85,988)	260,796	64,629	2,468,337	146,779	(56,808)	(27,355)
Net change in fund balances	<u>\$ 6,212,233</u>	<u>\$ 280,558</u>	<u>\$ 665,709</u>	<u>\$ 440,954</u>	<u>\$ 253,652</u>	<u>\$ (1,365,672)</u>	<u>\$ 2,322,565</u>	<u>\$ 124,773</u>	<u>\$ 162,258</u>	<u>\$ 223,208</u>
Debt service as percentage of noncapital expenditures	11.2%	13.0%	12.7%	12.8%	12.8%	11.6%	12.0%	11.7%	13.3%	13.5%

Table 5

City of Gilmer, Texas
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept 30	Real Property		Personal Property				Mineral Lease	Less Exemptions, Prod. Loss & Homestead Cap	Total Assessed Value	Tax Rate	Estimated Tax Value	Ratio of Total Assessed Value to Total Est. Actual Value
	Residential Assessed Value	Commercial Assessed Value	Industrial	Commercial	Industrial	Ag & Timber						
2012	143,066,680	64,399,008	8,156,000	24,102,917	17,691,347	1,486,380	1,374,522	95,070,923	260,276,854	0.636419	260,276,854	100.0%
2013	154,162,891	68,244,495	8,550,810	24,064,515	18,690,902	1,509,590	984,966	87,671,007	276,208,169	0.635424	276,208,169	100.0%
2014	152,634,129	68,057,390	8,690,900	23,513,279	18,568,706	1,542,220	862,161	95,399,430	273,868,785	0.625178	273,868,785	100.0%
2015	152,852,883	75,942,991	8,701,460	24,992,009	22,428,118	1,211,440	559,942	84,167,301	286,688,843	0.625178	286,688,843	100.0%
2016	159,166,696	74,669,206	9,192,340	23,527,759	21,525,890	1,241,920	199,318	85,044,175	289,523,129	0.629523	289,523,129	100.0%
2017	168,238,000	81,676,482	9,227,092	24,313,233	20,724,028	1,971,800	275,999	91,157,570	306,426,634	0.629523	306,426,634	100.0%
2018	164,012,232	86,300,913	9,098,217	26,530,910	23,159,653	1,112,510	160,421	90,578,472	310,374,856	0.629523	310,374,856	100.0%
2019	172,343,434	89,252,034	8,901,165	23,863,755	25,968,353	1,001,320	259,401	88,236,724	321,589,462	0.629523	321,589,462	100.0%
2020	168,513,646	85,961,050	9,113,977	23,979,054	29,563,809	969,980	154,740	85,450,921	318,256,256	0.629523	318,256,256	100.0%
2021	173,384,617	82,829,204	8,973,101	28,799,176	34,381,490	1,027,190	85,120	116,343,021	329,479,898	0.625619	329,479,898	100.0%

Notes: The appraisal of property within the City is the responsibility of the Upshur Appraisal District. The Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison basis of appraisal, and the method considered most appropriate by the chief appraiser is to be used. The value placed upon property within the Appraisal District is subject to review by a five member Appraisal Review Board.

Source: Upshur Appraisal District.

Table 6

City of Gilmer, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years (Unaudited)

Fiscal Year	CITY OF GILMER			UPSHUR COUNTY			GILMER SCHOOL DISTRICT			UPSHUR ESD #1			Total Direct & Overlapping Rates
	Operating	Debt Service	Total Rate	Operating	Debt Service	Total Rate	Operating	Debt Service	Total Rate	Operating	Debt Service	Total Rate	
2012	0.412200	0.219200	0.631400	0.436700	0.033400	0.470100	1.040000	0.155000	1.195000	0.030000	0.000000	0.030000	2.326500
2013	0.406837	0.229582	0.636419	0.478700	0.033500	0.512200	1.170000	0.014500	1.184500	0.030000	0.000000	0.030000	2.363119
2014	0.419305	0.216119	0.635424	0.522300	0.000000	0.522300	1.170000	0.015000	1.185000	0.030000	0.000000	0.030000	2.372724
2015	0.407213	0.217965	0.625178	0.566600	0.000000	0.566600	1.170000	0.015000	1.185000	0.030000	0.000000	0.030000	2.406778
2016	0.418761	0.206417	0.625178	0.558400	0.000000	0.558400	1.170000	0.050000	1.220000	0.030000	0.000000	0.030000	2.433578
2017	0.433832	0.195691	0.629523	0.569800	0.000000	0.569800	1.170000	0.050000	1.220000	0.070000	0.000000	0.070000	2.489323
2018	0.440419	0.189104	0.629523	0.595000	0.000000	0.595000	1.170000	0.050000	1.220000	0.070000	0.000000	0.070000	2.514523
2019	0.438801	0.190722	0.629523	0.615000	0.000000	0.615000	1.170000	0.140000	1.310000	0.070000	0.000000	0.070000	2.624523
2020	0.447488	0.182035	0.629523	0.615000	0.000000	0.615000	1.068300	0.330700	1.399000	0.070000	0.000000	0.070000	2.713523
2021	0.460936	0.164683	0.625619	0.615000	0.000000	0.615000	1.068300	0.330700	1.399000	0.070000	0.000000	0.070000	2.709619

Note: The entire City was located in Upshur County and within the Gilmer Independent School District.

Source: Upshur County Truth in Taxation Summary, Texas Property Tax Code 26.16

Table 7

City of Gilmer, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)

Taxpayer	2021			2012		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
ROB ROY INDUSTRIES	12,743,520	1	3.87%	\$ 6,270,500	2	2.40%
WALMART STORES TEXAS	8,603,000	2	2.61%	9,959,290	1	3.80%
ETEX TELEPHONE COOP	5,211,860	3	1.58%	2,983,580	3	1.14%
HIXSON LUMBER OF TEXAS	4,502,640	4	1.37%	2,929,820	4	1.12%
WESLEY PARTNERS	4,170,950	5	1.27%	-		0.00%
AEP SOUTHWESTERN	3,674,880	6	1.12%	2,649,850	7	1.01%
COIL SPECIALISTS	3,655,540	7	1.11%	2,633,620	9	1.01%
GILMER NATIONAL BANK	3,135,220	8	0.95%	2,785,680	6	1.06%
AUTOMOTIVE PROPERTIES	3,120,900	9	0.95%	-		0.00%
WESTCO FAMILY PROPERTIES LLC	3,053,370	10	0.93%	-		0.00%
GILTEX CARE LIMITED PARTNERSHIP	-	-	-	2,910,410	5	1.11%
DEAN LUMBER COMPANY	-	-	-	2,644,530	8	1.01%
ROB ROY INDUSTRIES	-	-	-	2,547,690	10	0.97%
Total Assessed Valuation	\$ 329,479,898			\$ 261,809,312		

Source: Municipal Advisory Council of Texas

Table 8

City of Gilmer, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2012	1,650,535	1,598,905	96.87%	39,535	1,638,440	99.27%
2013	1,656,907	1,598,376	96.47%	43,918	1,642,294	99.12%
2014	1,712,194	1,646,786	96.18%	49,900	1,696,686	99.09%
2015	1,711,717	1,656,354	96.77%	37,710	1,694,064	98.97%
2016	1,787,675	1,740,839	97.38%	27,479	1,768,318	98.92%
2017	1,818,198	1,765,132	97.08%	28,744	1,793,876	98.66%
2018	1,924,996	1,853,508	96.29%	40,740	1,894,248	98.40%
2019	1,953,881	1,876,400	96.03%	43,572	1,919,972	98.26%
2020	2,015,469	1,960,772	97.29%	14,365	1,975,137	98.00%
2021	2,021,252	1,972,998	97.61%	-	1,972,998	97.61%

Table 9

City of Gilmer, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities					Business-type Activities					Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Sales Tax & Revenue Bonds	Premium or Discount on Bonds	Notes Payable	Tax & Revenue Certificate of Obligation	Refunding Bonds	Premium or Discount on Bonds	Total Primary Government			
2012	360,000	-	4,275,000	-	-	5,230,000	4,655,000	-	14,520,000	15.27%	2,931	
2013	245,000	-	4,135,000	-	-	875,000	8,720,000	-	13,975,000	13.66%	2,804	
2014	125,000	-	3,995,000	(20,057)	-	450,000	8,520,000	262,221	13,332,164	11.38%	2,650	
2015	-	1,810,000	3,850,000	21,184	-	1,750,000	8,315,000	282,712	16,028,896	13.17%	3,150	
2016	-	1,705,772	3,700,000	18,899	-	1,649,228	7,820,000	261,120	15,155,019	13.11%	2,944	
2017	-	1,583,750	3,545,000	16,613	56,500	1,531,250	7,320,000	239,528	14,292,641	12.24%	2,760	
2018	-	1,454,101	3,385,000	14,327	51,698	1,405,899	6,815,000	217,934	13,343,959	11.24%	2,561	
2019	-	1,316,826	3,220,000	12,042	46,670	1,273,174	6,305,000	196,342	12,370,054	10.47%	2,386	
2020	-	1,164,298	3,050,000	9,756	41,480	1,125,702	5,590,000	455,404	11,436,640	9.60%	2,187	
2021	-	6,951,685	1,615,000	686,368	36,115	973,314	5,135,000	413,176	15,810,658	13.78%	3,024	

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Table 10

City of Gilmer, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value ¹ of Property	Per Capita ²
2012	360,000	271,940	88,060	0.03%	18
2013	245,000	99,978	145,022	0.05%	29
2014	125,000	19,991	105,009	0.04%	21
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics.

City of Gilmer, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2021 (Unaudited)

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit			
Debt repaid with property taxes:			
Gilmer ISD (as of 09/30/2021)	\$ 48,172,775	33.19%	\$ 15,988,544
Upshur County (as of 09/30/2021)	-	14.67%	-
Subtotal, overlapping debt			<u>15,988,544</u>
City of Gilmer	9,289,168	100.00%	9,289,168
Total direct and overlapping debt			<u><u>\$ 25,277,712</u></u>

DATA SOURCE: Texas Municipal Advisory Council

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of the City of Gilmer, Texas. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Table 12

City of Gilmer, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	<u>0.625619</u>	<u>0.629523</u>	<u>0.629523</u>	<u>0.629523</u>	<u>0.629523</u>	<u>0.625178</u>	<u>0.625178</u>	<u>0.635424</u>	<u>0.636419</u>	<u>0.631400</u>
Available Tax Rate	<u>\$ 1.87438</u>	<u>\$ 1.87048</u>	<u>\$ 1.87048</u>	<u>\$ 1.87048</u>	<u>\$ 1.87048</u>	<u>\$ 1.87482</u>	<u>\$ 1.87482</u>	<u>\$ 1.86458</u>	<u>\$ 1.86358</u>	<u>\$ 1.86860</u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates as a Home Rule city under the State Constitution that limits the maximum tax rate (Article XI, Section 4 & 5, Texas Constitution), for all city purposes, to \$2.50 per \$100 assessed valuation.

Table 13

City of Gilmer, Texas
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	2,069,768	877,713	1,192,055	535,000	448,586	121.2%
2013	2,130,171	916,922	1,213,249	555,000	429,485	123.2%
2014	2,027,628	921,098	1,106,530	625,000	320,188	117.1%
2015	1,947,614	1,005,086	942,528	655,000	292,313	99.5%
2016	2,010,266	1,093,665	916,601	595,772	315,324	100.6%
2017	2,128,684	1,055,676	1,073,008	617,977	289,493	118.2%
2018	2,279,780	1,126,850	1,152,930	630,351	275,129	127.3%
2019	2,053,624	1,171,255	882,369	642,725	259,568	97.8%
2020	2,118,301	1,217,056	901,245	652,472	243,636	100.6%
2021	2,123,826	1,102,274	1,021,552	607,388	182,020	129.4%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 Operating expenses do not include interest or depreciation.

Table 14

City of Gilmer, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population ¹	Median Personal Income ³	Per Capita ⁵ Personal Income	School Enrollment ⁴	Unemployment Rate ²
2012	4,954	39,004	19,195	2,413	6.70%
2013	4,984	44,844	20,534	2,390	6.30%
2014	5,031	46,618	23,278	2,462	5.10%
2015	5,088	46,122	23,922	2,415	5.20%
2016	5,148	41,103	22,455	2,421	6.30%
2017	5,179	44,672	22,547	2,418	4.30%
2018	5,210	36,418	22,790	2,418	4.10%
2019	5,184	36,418	22,790	2,493	3.80%
2020	5,229	41,753	22,790	2,585	8.50%
2021	5,229	57,791	21,940	2,510	5.60%

Data Sources:

- ¹ Texas State Data Center & Office of the State Demographer
- ² State Department of Labor and City-Data.com
- ³ US 2010 Census adjusted by CPI for inflation, expressed in thousands
- ⁴ Texas Education Agency
- ⁵ U. S. Census Bureau American Fact Finder

City of Gilmer, Texas
PRINCIPAL EMPLOYERS
Current and Nine Years Ago (Unaudited)

Employer	2021		2012	
	No. Employees¹	Rank	No. Employees¹	Rank
Gilmer ISD	458	1	349	1
Upshur County	223	3	203	3
Walmart	235	2	212	2
Hixson Lumber Company	175	4	100	5
ETEX	116	6	140	4
Upshur Rural Electric	106	7	88	7
RobRoy Industries	102	8	93	6
Custom Commodities	173	5	78	8
CSI	61	9	45	10
City of Gilmer	53	10	58	9
Total City Employment	NOT AVAILABLE		NOT AVAILABLE	

1 Employment numbers provided by respective employers

Table 16

City of Gilmer, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years (Unaudited)

Function / Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
City Administration	3	3	3	3	3	3	3	3	3	3
Finance	2	2	2	2	2	2	2	2	2	2
Municipal court	1	1	1	1	1	1	1	1	1	1
Community Development	1	1	1	1	1	1	1	1	1	1
Permits/Billing	2.5	3	3	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Police										
Administration	1	1	1	1	1	1	1	1	1	1
Officers	16	16	16	16	16	16	16	16	16	16
Civilians	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Animal control	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and officers	7	7	9	7	7	7	7	7	7	7
Public Works										
Public Works Administration	1	1	1	1	1	1	1	1	1	1
Public Works Employees	11	11	11	11	10	9	9	9	9	9
Civic Center										
Administration	1	1	1	1	1	1	1	1	1	1
Total all governmental funds	51	52	54	51	50	49	49	49	49	49

Table 17

City of Gilmer, Texas
OPERATING INDICATORS BY FUNCTIONS/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Building permits issued	32	30	20	99	115	157	145	214	244	166
Building inspections conducted	68	60	240	196	116	166	165	243	258	210
Public Safety										
Police:										
Physical arrests	165	223	478	385	479	494	718	467	351	319
Traffic violations	2,212	2,114	2,739	2,935	1,825	1,696	2,331	1,429	1,644	1,661
Fire:										
Emergency responses	458	455	456	593	481	434	423	457	413	362
Fires extinguished	116	117	117	201	133	132	174	161	194	134
Inspections	47	64	55	94	24	21	23	26	25	20
Highways and streets										
Street resurfacing (miles)	1	1	1	-	1	1	8	-	-	-
Potholes repaired	1,500	1,500	1,500	300	300	300	300	300	300	300
Water										
New connections	16	34	5	5	5	5	5	5	5	5
Water main breaks	15	24	19	45	31	25	35	29	20	30
Average daily consumption (thousands of gallons)	750	678	561	618	668	662	713	660	717	725
Peak daily consumption (thousands of gallons)	1,979	1,620	2,053	1,767	1,439	1,086	1,278	987	1,362	1,299
Municipal Court										
Cases processed	2,394	2,199	3,330	3,015	2,775	2,529	3,551	2,146	2,548	2,577
General Services										
Work orders	2,545	1,788	1,885	1,890	2,277	2,849	2,078	2,332	1,955	243
Information Technology										
Personal computers / laptops	20	20	20	20	20	20	20	20	20	20
Service requests	*	*	*	*	66	43	59	29	*	*

NOTES: " * " denotes data not available

Table 18

City of Gilmer, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	6	6	6	6	6	6	6	6	6	6
Fire										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of vehicles	11	11	11	11	11	10	10	10	10	10
Streets and Grounds										
Streets (miles)	41.40	41.40	41.40	41.40	41.40	41.40	41.40	41.40	41.40	41.40
Water										
Water mains	56	56	56	56	56	56	56	56	56	56
Fire hydrants	291	291	291	291	291	291	282	282	282	282
Storage capacity	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000
Wastewater										
Sanitary sewer (miles)	53.20	53.20	53.20	53.20	53.20	53.20	53.20	53.20	53.20	53.20
General Services										
Facilities	4	4	4	4	4	4	4	4	4	4
Fleet vehicles	14	14	14	14	14	11	11	11	11	11
Network servers	2	2	2	2	2	2	2	2	2	2

This page is left blank intentionally.

COMPLIANCE SECTION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

P.O. Box 3167
Longview, Texas 75606

Phone: 903-238-8822

1501 Colony Circle
Longview, Texas 75604

Fax: 903-238-9838

Karen A. Jacks, CPA, CGMA
Peggy J. Lantz, CPA

Chanie A. Johnson, CPA

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Honorable Mayor and City Council
City of Gilmer, Texas
110 Buffalo
Gilmer, Texas 75644

Honorable Mayor and City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gilmer, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Gilmer, Texas' basic financial statements, and have issued our report thereon dated March 23, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.

Longview, Texas

March 23, 2022

CITY OF GILMER, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

 Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF GILMER, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None.		

CITY OF GILMER, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021

None required.

This page is left blank intentionally.