



2022

**Annual
Comprehensive
Financial
Report**

**For the Fiscal Year Ending
September 30, 2022**



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

CITY OF GRANBURY, TEXAS

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**Chris Coffman, CPM
City Manager**

**Prepared by
Finance Department**

CITY OF GRANBURY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SEPTEMBER 30, 2022

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INTRODUCTORY SECTION



116 West Bridge Street • Granbury, Texas 76048 • 817-573-1114

February 28, 2023

Honorable Mayor and City Council
City of Granbury, Texas

Dear Mayor and City Council:

The City Manager's Office is pleased to present the Annual Comprehensive Financial Report for the City of Granbury, Texas for the fiscal year ended September 30, 2022.

This report is published to provide the City Council, citizens, bondholders, City staff and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both 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 respects and is organized in a manner designed to fairly present the financial position and results of City operations, which are measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORT

The reporting model issued by the Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). We believe our presentation provides better information to users of the annual comprehensive financial report. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Granbury's MD&A can be found immediately following the independent auditor's report.

This report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, a listing of the City

Officials and an organizational chart of the City. The financial section includes the MD&A, Government-wide and Major Fund presentations, Required Supplementary Information, Combining and Individual Fund Statements and schedules, as well as the independent auditors' report on the basic financial statements. The statistical section includes financial and demographic information, usually presented on a multi-year basis that is relevant to the financial statement reader. The single audit section includes all information pertaining to the City's single audit, including the Schedule of Expenditures of Federal Awards.

The basic Financial Statements of the City include all governmental activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB). Based on these criteria no other governmental organizations are included in this report.

CITY PROFILE

Location

Granbury is located in Hood County, in the heart of north Texas, just southwest of the Dallas-Fort Worth Metroplex. Granbury is home to approximately 11,852 people and serves as the center of commerce and recreation to over 64,724 county residents (North Central Texas Council of Governments). There are currently 16.91 square miles of land within the City's boundaries.

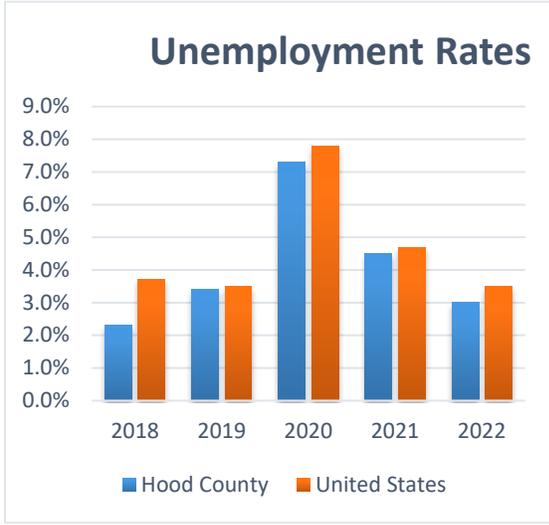


Government Structure

Founded in 1873, Granbury is a Home Rule Charter City and operates under a Council-Manager form of government. The City Council is comprised of a mayor and five council members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members of various statutory and advisory boards, the City Manager, the City Attorney, the City Secretary and the Municipal Judge. The City Manager is responsible for the enforcement of laws and ordinances, the appointment and supervision of the directors and department heads, and the performance of functions within the municipal organization.

Services Provided

The City provides a full range of services, which have proven to be necessary and meaningful, at the least possible cost to its citizens. Major services provided under the general government and enterprise functions are: police and fire protection, building and permitting, planning and community development, economic development, tourism promotion, electric, water and sewer utility services, airport facilities, park and recreational facilities, street and sidewalk improvements, and administrative services, supported by fleet maintenance, building maintenance operations, and information technology.



ECONOMIC CONDITIONS AND OUTLOOK

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Regional Economy

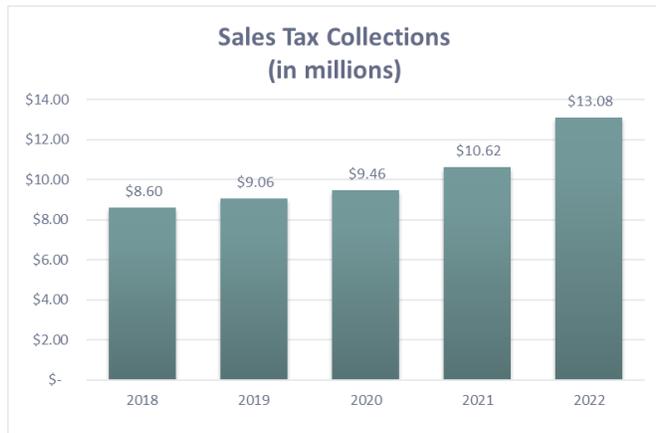
Granbury is only 30 miles from the Dallas-Fort Worth Metroplex and has shown relatively strong economic growth over the past ten years. Hood County has also enjoyed a robust economic environment;

unemployment rates have remained lower than national averages and sales taxes have increased year-over-year.

Local Economy

Granbury is the financial hub not only of Hood County but the surrounding area. Customers come from a 30-mile radius to shop in Granbury. The latest census figures show there are almost 38,000 people that live within 5 miles, 61,000 people that live within 10 miles and 126,000 people that live within 20 miles of Granbury. The stability of Walmart, H-E-B, Kroger, Home Depot, Lowe’s Home Improvement Center and several other new commercial developments along Hwy 377 continue to be a catalyst for growth in the regional economy. These establishments, along with other restaurants, banks, supermarkets, hotels and retail stores located along U.S. Highway 377 and in other sections of the City, provide outlets to meet many of the needs of area residents as well as providing a solid retail sales base for the City.

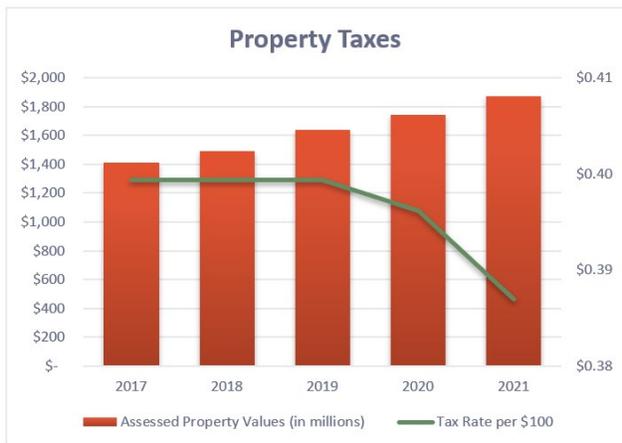
Sales tax collections in Fiscal Year 2021-2022 were up by 23% compared to the prior year. The sales tax revenue for fiscal year 2022-2023 was conservatively budgeted when compared to 2021-2022 collections.



Tourism plays an important role in maintaining the healthy economy of the City. The historical downtown district, with its shopping, bed and breakfasts, and other attractions, also serves the City well by drawing tourists from outside the region. Granbury was designated as the Best Historic Small Town in 2019, 2020, and 2021 by Reader’s

Magazine.

Choice USA Today. The City's 18,000-square-foot Lake Granbury Conference Center, adjacent to the Hilton Garden Hotel, continues to classify Granbury as a destination for meetings and conferences. The conference center supplies a real stimulus to the Granbury economy during the week, as well as on the weekends, by creating hotel occupancy tax and sales tax collections that would not have been realized if the City had not developed and maintained this beautiful facility right on Lake Granbury. In December of 2021, the Granbury City Council voted to create a Tax Increment Reinvestment Zone (TIRZ) to fund infrastructure and attract new investment in the area. The City's historical hometown atmosphere combined with an aggressive development attitude is continuing to produce results.



Total assessed property values increased by 7.5% or approximately \$131 million for the 2021 Tax Year to \$1,872 million. The City's property tax rate decreased to \$.38697 for Tax Year 2021. Residential development continues in areas such as Harbor Lakes, Saratoga, Catalina Bay, Highland Park Bay and Josiah Estates. Additionally, commercial developments such as Granbury Lakeside Center marketplace which consists of Ulta, Home Goods, Tuesday Morning, and

Five Below, will assist with maintaining a stable property valuation for the City of Granbury. The value of building permits slightly decreased when compared to the previous year, but Granbury has experienced a continuous growth in both commercial and residential development during the last several years. The number of building permits issued has slowed as a building moratorium for the entire City and the extraterritorial jurisdiction within the City's Waste Water Certificate of Convenience and Necessity (CCN) put in place on December 14, 2020, has been extended to October 5, 2023. The moratorium was necessary to meet Texas Commission on Environmental Quality (TCEQ) requirements on maintaining wastewater treatment plant capacities as the construction on the planned new East Wastewater Treatment Plant has been delayed by TCEQ. This moratorium was implemented with the current projects slated to be completed with "vested rights" as required in Chapter 245 of the Local Government Code so the city continues to see development growth of those planned projects. The moratorium prevents new plats to be submitted or approved for new development of raw land that was not already in the development process prior to the moratorium being instituted.



FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable and expenditures are recorded when the services or goods are received, and the liabilities incurred. Accounting records for the City's business-type activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that the City Council shall adopt the annual budget prepared by the City Manager. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items within departments; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund and department level. Financial reports are produced showing budget and actual expenditures by line item

and are available monthly to City departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

Each governmental and business-type funds are annually appropriated. In addition, the City has implemented a five-year strategic plan process that projects full line-item and capital expenditure detail for all departments. The first year of this strategic plan is utilized as a starting basis for the annual budget.

Cash Management

As of February 1, 2022, the City's depository contract is with First National Bank of Granbury. It is a three-year relationship period with two one-year extension options. The City has the option each year to choose the interest rate calculation for the year from two choices:

- Fixed rate of .90%
- Variable rate equal to the 90-day ask rate of US Treasury Bills, though not to fall below .25% nor to exceed 2.00%

The remaining idle cash is invested in government securities and government investment pools as allowed by State of Texas Statutes and by the City's investment policy.

The ending balance of the City's investment portfolio for Fiscal Year 2021-2022 was approximately \$113M. The overall portfolio provided \$642k in investment income, representing interest revenue net of realized gain, unrealized gains and losses and investment expenses.

It is the City's policy that all demand deposits and time deposits will have a collateralization level of not less than 105% of market value of principal and accrued interest, less an amount of \$250,000, which represents insurance by the FDIC or FSLIC on certain types of bank deposits. Evidence of pledged collateral is documented by a safekeeping or a master repurchase agreement with the collateral pledged clearly listed in the agreement and safekeeping confirmations. Collateral is monitored monthly to ensure that the market value of the pledged securities equals or exceeds the related deposit or investment balance. A Finance Committee consisting of the Director of Finance and the Assistant Director of Finance meet periodically to determine general investment strategies, monitor results and to review quarterly and annual investment reports.

These reports reflect all investments sorted by asset type and describe the position of the portfolio by comparing book values versus market values and the unrealized gain or loss at the end of the period.

All investments transacted by the City are purchased using the delivery versus payment method. That is, funds are not wired or paid until verification has been made that the correct security has been received by the Custodian. Securities are held in the name of the City or held on behalf of the City. The original copy of the safekeeping statements is delivered to the City.

The City will not accept as depository collateral any security that is not specifically allowed to be held as a direct investment by the City's portfolio, and the maximum maturity of the collateral securities may be no greater than five years. Collateral is held by an independent third party with whom the depository bank has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) is supplied to the City and retained. The safekeeping institution will be the Federal Reserve Bank, Federal Home Loan Bank, or an institution not affiliated with the depository bank or the broker/dealer pledging the security. The safekeeping agreement includes the authorized signatories of the City and the depository bank. All collateral shall be subject to verification and audit by the Director of Finance or the City's independent auditors.

Long-Term Financing

The City intends that the length of any long-term financing matches the life of assets purchased with the financing. The City will generally use lease-purchase options for purchases of larger pieces of equipment with an expected useful life of at least five years. Certificates of obligation or bonded indebtedness are issued for projects and other significant capital improvements with longer useful lives.

Tax Appraisal/Collection Responsibilities

Under Texas law enacted in 1979 and subsequent revisions to the State Property Tax Code, the appraised value of taxable property in Granbury is established by the Hood Central Appraisal District. The City of Granbury and the other taxing jurisdictions in Hood County provide a pro-rata share of the budgeted expenditures incurred by the Appraisal District, based upon individual levy. The Appraisal District also provides for fee based tax collection services for the City and the other taxing jurisdictions in Hood County.

OTHER INFORMATION

Independent Audit

Section 7.13 of the City Charter requires the City Council to direct that an independent annual audit be made of all accounts of the City. This requirement has been complied with, and the independent auditor's report has been included in this report.

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material aspects, the financial position of the City at September 30, 2022, and the results of its operations

and the cash flows of its proprietary fund type for the year ended in conformity with accounting principles generally accepted in the United States of America.

Certificate of Achievement

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Granbury for its comprehensive annual financial report for the fiscal year ended September 30, 2021. This was the twenty-first consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. My sincere appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

The staff would like to thank the members of the City Council for their leadership and their support in planning and oversight of the financial operations of the City in a responsible manner.

Respectfully submitted,



Chris Coffman, CPM
City Manager

CITY OF GRANBURY, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2022

MAYOR
Jim Jarratt

MAYOR PRO-TEM
Trish Burwell

COUNCIL MEMBERS
Eddie Rodriguez
Bruce Wadley
Steven Vale
Greg Corrigan

CITY MANAGER
Chris Coffman, CPM

DEPUTY CITY MANAGER
Michael Ross, CPM

ASSISTANT CITY MANAGER
Rick Crownover, CPM

DEPARTMENT DIRECTORS

Carla Walker
Eva S Gregory
Mitch Galvan
Aaron Mclain
Chester Nolen
Jim Cook

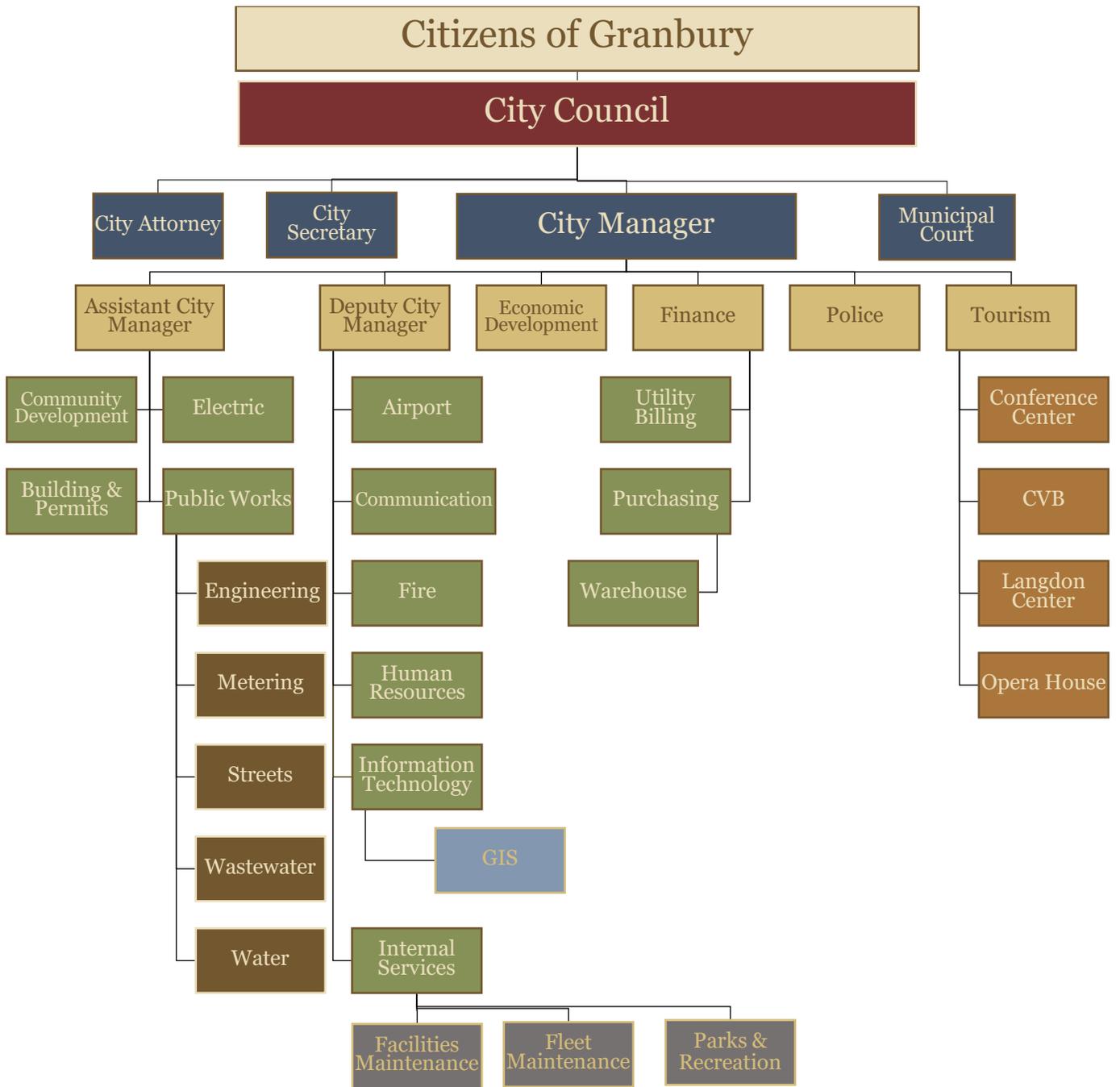
Pat Stewart
Tammy Dooley
Lance LaCour
Kira Wauwie
Chris Collins
Kenneth Causey

City Secretary
Director of Finance
Chief of Police
Director of Internal Services
Director of Public Works
**Director of Permitting and Inspections-
Chief Building Official**
Director of Aviation
Director of Convention & Visitors Bureau
Director of Economic Development
Director of Community Development
Director of Information Technology
Director of Electric Distribution

CITY OF GRANBURY, TEXAS

ORGANIZATIONAL CHART

SEPTEMBER 30, 2022





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Granbury
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granbury, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Granbury, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2022, the City of Granbury, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Granbury, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Granbury, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Granbury, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Granbury, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
February 28, 2023

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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

As management of the City of Granbury, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Granbury exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$127,595,659 (Net Position). Of this amount, \$28,926,747 (Unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$12,985,616. The City's operations increased the governmental activities by \$6,757,640 and increased the business-type activities by \$6,227,976.
- At the close of the current fiscal year, the City's of Granbury's governmental funds reported combined ending fund balances of \$70,867,956.
- As of the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,767,225 or 81% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$11,667,222, or 77% of total Utility Fund operating expenses, excluding depreciation expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements 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, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four 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 and 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, public safety, streets, development services, fleet maintenance, and support of cultural and recreational services. The business-type activities of the City include public services such as water, sewer, electric and airport operations.

The government-wide financial statements can be found on pages 17-20 of this report.

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 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five (5) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 21-24 and 26-27 of this report.

Proprietary Funds - The City maintains two types of proprietary funds. 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 Municipal Utility and Airport Operations. The City uses one internal service fund to account for its fleet services. This service benefits both governmental and business-type functions, and it has been split between the governmental and business-type activities in the government-wide financial statements.

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 Municipal Utility and the Airport Operation, both of which are considered to be major funds for the City.

The basic proprietary fund financial statements can be found on page 29-33 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that for proprietary funds.

The basic fiduciary fund financial statements can be found on page 34 and 35 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on pages 36-63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time as a useful indicator of a government's financial position. In the case of the City of Granbury, assets and deferred outflows exceeded liabilities and deferred inflows by \$127,595,659 as of September 30, 2022

The largest portion of the City's net position (73%) reflects its investment in capital assets (e.g., land, buildings, 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 services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$28,926,747, may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2022, the City is able to report positive balances in three categories of net position, for the government as a whole, as well as for its separate categories – governmental and business-type activities.

Below are summaries of the City's Statement of Net Position and Statement of Activities.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 77,524,391	\$ 35,293,749	\$ 46,177,288	\$ 53,828,640	\$ 123,701,679	\$ 89,122,389
Capital assets	<u>73,211,756</u>	<u>64,408,098</u>	<u>123,913,241</u>	<u>111,773,659</u>	<u>197,124,997</u>	<u>176,181,757</u>
Total assets	<u>150,736,147</u>	<u>99,701,847</u>	<u>170,090,529</u>	<u>165,602,299</u>	<u>320,826,676</u>	<u>265,304,146</u>
Deferred outflows of resources	<u>2,872,345</u>	<u>2,880,467</u>	<u>733,201</u>	<u>728,746</u>	<u>3,605,546</u>	<u>3,609,213</u>
Current and other liabilities	3,753,921	3,609,134	10,108,688	6,016,848	13,862,609	9,625,982
Long-term liabilities	<u>93,254,765</u>	<u>50,607,476</u>	<u>85,442,526</u>	<u>92,850,052</u>	<u>178,697,291</u>	<u>143,457,528</u>
Total liabilities	<u>97,008,686</u>	<u>54,216,610</u>	<u>95,551,214</u>	<u>98,866,900</u>	<u>192,559,900</u>	<u>153,083,510</u>
Deferred inflows of resources	<u>2,423,615</u>	<u>947,153</u>	<u>1,853,048</u>	<u>272,653</u>	<u>4,276,663</u>	<u>1,219,806</u>
Net position:						
Net investment in capital assets	37,720,563	34,421,488	55,444,541	48,728,106	93,165,104	83,149,594
Restricted	1,995,503	1,816,168	3,508,305	3,254,034	5,503,808	5,070,202
Unrestricted	<u>14,460,125</u>	<u>11,180,895</u>	<u>14,466,622</u>	<u>15,209,352</u>	<u>28,926,747</u>	<u>26,390,247</u>
Total net position	<u>\$ 54,176,191</u>	<u>\$ 47,418,551</u>	<u>\$ 73,419,468</u>	<u>\$ 67,191,492</u>	<u>\$ 127,595,659</u>	<u>\$ 114,610,043</u>

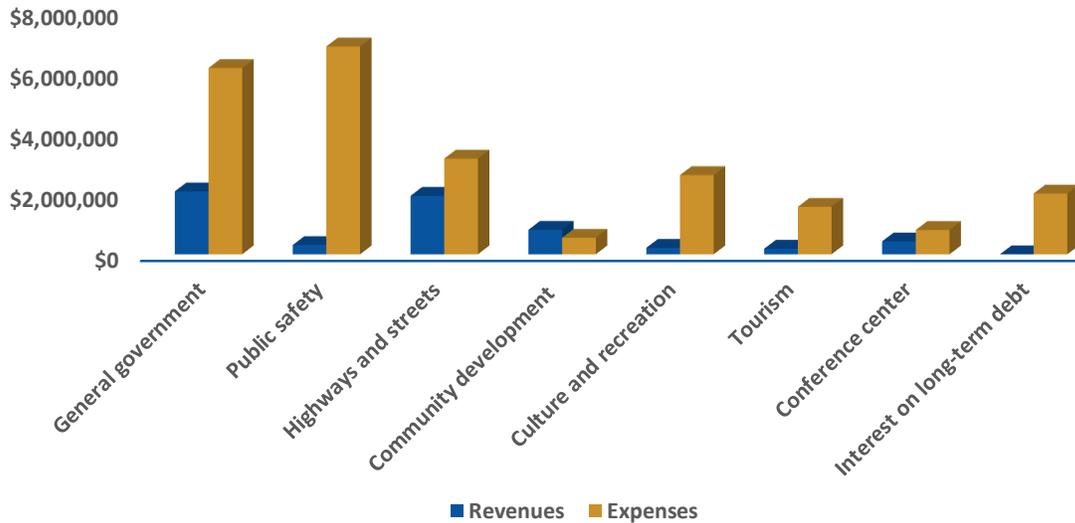
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenue:						
Charges for services	\$ 3,876,968	\$ 2,443,143	\$ 27,039,619	\$ 24,387,450	\$ 30,916,587	\$ 26,830,593
Operating grants and contributions	91,460	283,930	-	-	91,460	283,930
Capital grants and contributions	1,909,693	281,067	1,420,387	455,142	3,330,080	736,209
General revenues:						
Property taxes	7,016,003	6,691,693	-	-	7,016,003	6,691,693
Sales taxes	12,079,455	10,739,878	-	-	12,079,455	10,739,878
Hotel/motel taxes	1,132,517	924,047	-	-	1,132,517	924,047
Franchise taxes	2,491,629	2,227,866	-	-	2,491,629	2,227,866
Investment earnings	485,130	83,838	161,105	130,330	646,235	214,168
Other	920,837	295,800	175,725	70,916	1,096,562	366,716
Total revenues	<u>30,003,692</u>	<u>23,971,262</u>	<u>28,796,836</u>	<u>25,043,838</u>	<u>58,800,528</u>	<u>49,015,100</u>
Expenses:						
General government	6,081,245	5,429,694	-	-	6,081,245	5,429,694
Public safety	6,785,090	6,506,659	-	-	6,785,090	6,506,659
Highways and streets	3,122,827	2,749,801	-	-	3,122,827	2,749,801
Community development	539,961	485,474	-	-	539,961	485,474
Clean air coalition	130,162	218,969	-	-	130,162	218,969
Culture and recreation	2,585,383	2,434,407	-	-	2,585,383	2,434,407
Tourism	1,549,990	1,690,936	-	-	1,549,990	1,690,936
Conference center	793,202	545,491	-	-	793,202	545,491
Interest on long-term debt	1,984,290	1,288,860	-	-	1,984,290	1,288,860
Water treatment and distribution	-	-	8,452,821	7,840,537	8,452,821	7,840,537
Wastewater collection and treatment	-	-	4,098,532	3,786,764	4,098,532	3,786,764
Electricity	-	-	8,563,745	12,305,059	8,563,745	12,305,059
Airport	-	-	1,127,664	787,067	1,127,664	787,067
Total expenses	<u>23,572,150</u>	<u>21,350,291</u>	<u>22,242,762</u>	<u>24,719,427</u>	<u>45,814,912</u>	<u>46,069,718</u>
Increases (decrease) in net position						
before transfers	6,431,542	2,620,971	6,554,074	324,411	12,985,616	2,945,382
Transfers	326,098	1,813,592	(326,098)	(1,813,592)	-	-
Change in net position	6,757,640	4,434,563	6,227,976	(1,489,181)	12,985,616	2,945,382
Net position, beginning	47,418,551	42,983,988	67,191,492	68,680,673	114,610,043	111,664,661
Net position, ending	<u>\$ 54,176,191</u>	<u>\$ 47,418,551</u>	<u>\$ 73,419,468</u>	<u>\$ 67,191,492</u>	<u>\$ 127,595,659</u>	<u>\$ 114,610,043</u>

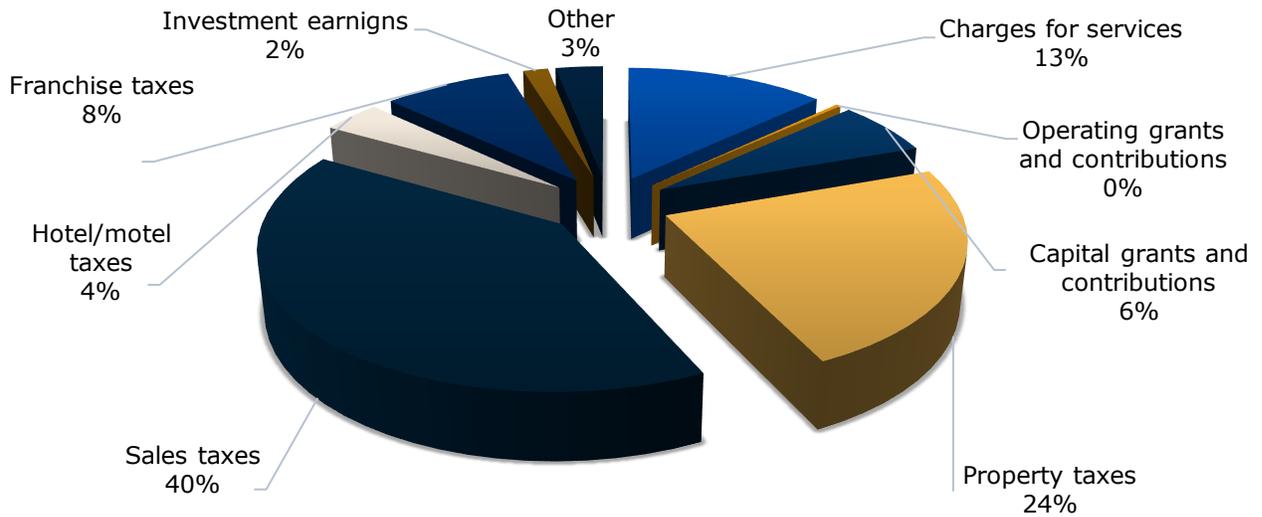
Governmental Activities. Governmental activities increased the City's net position by \$6,757,640 compared with a \$4,434,563 increase during the prior fiscal year. Total revenues from governmental activities increased \$6,032,430 (25%) to \$30,003,692 when compared to the prior fiscal year. Revenue from sales tax grew by \$1,339,577 indicating a strong growth in commerce in the City. Total governmental activities expenses increased \$2,221,859 (10%) from the prior year.

Below are two graphs summarizing governmental revenue and expense:

Expenses and Program Revenues - Governmental Activities



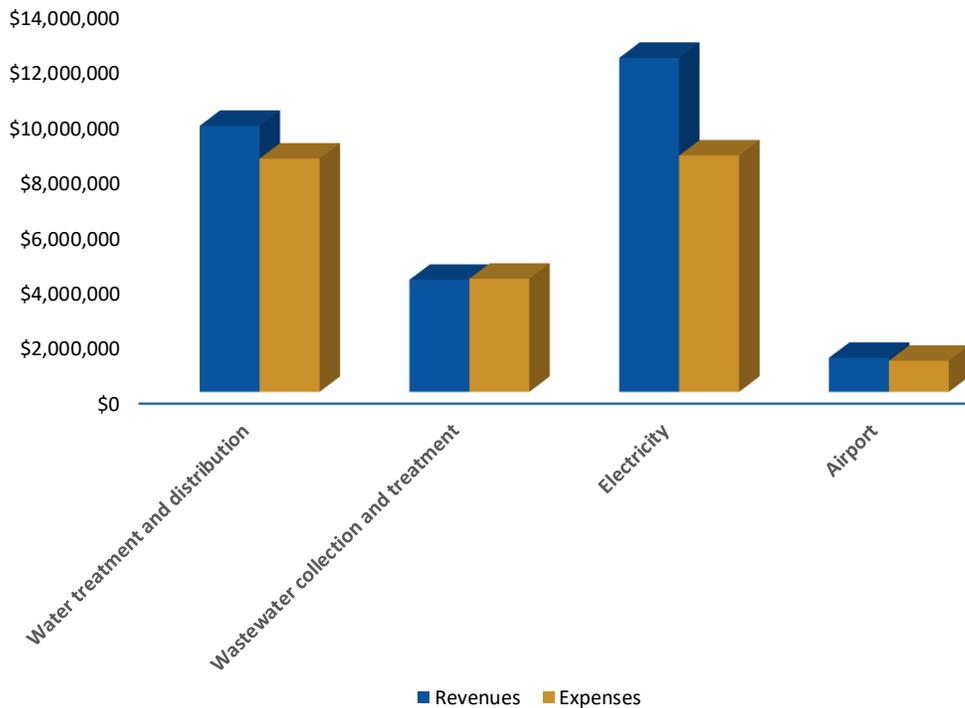
Revenues by Source - Governmental Activities



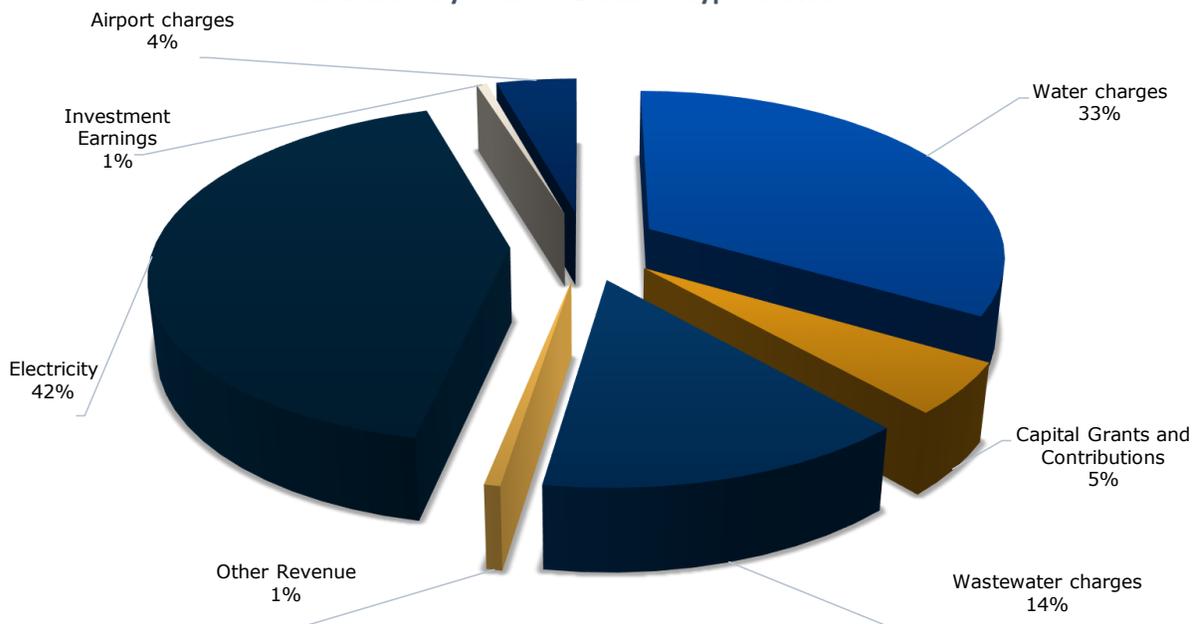
Business-type Activities. Business-type activities increased the City’s net position by \$6,227,976 in the current fiscal year compared to a decrease of \$1,489,181 in the prior fiscal year. The business-type activities total revenues increased overall by \$3,752,998 (15%) to \$28,796,836. The increase in revenues is the increase in charges for services of \$2,652,169 compared to the prior fiscal year. Investment earnings revenue increased \$30,775 primarily as a result of an increase in interest rates. Total business-type activities expense decreased \$2,476,665 (10%) to \$22,242,762. The largest decrease in expenses was electricity \$3,741,314. The large increase in electric expense last year resulted from purchasing power for resale during the federally declared Winter Storm Uri.

Below are two graphs summarizing business-type activities revenue and expense:

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – The focus of the City of Granbury's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Granbury's governmental funds reported combined ending fund balances of \$70,867,956. \$14,767,225 (21%) of this amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,767,225. The fund balance of the general fund increased \$2,094,383 compared to an increase of \$3,817,030 in the prior year. Key factors contributing to the increase in fund balance between the two fiscal years are highlighted below:

- Revenues increased \$1,899,148 (10%). Sales tax revenue for FY22, shows an increase of 23% due to recognizing November collection for September sales as available resources in FY 2022. In previous fiscal years, the collection for the same period was recorded as deferred revenue.
- Expenditures increased \$2,453,715 (16%) with the largest increase attributable to an increase in public safety expenditures of \$1,737,125 primarily due to radio equipment purchased in the current fiscal year.
- Transfers out increased \$1,307,906 due to a \$1,044,547 transfer to the airport fund and a \$113,950 transfer to the fleet maintenance internal service fund for the purchase of vehicles.

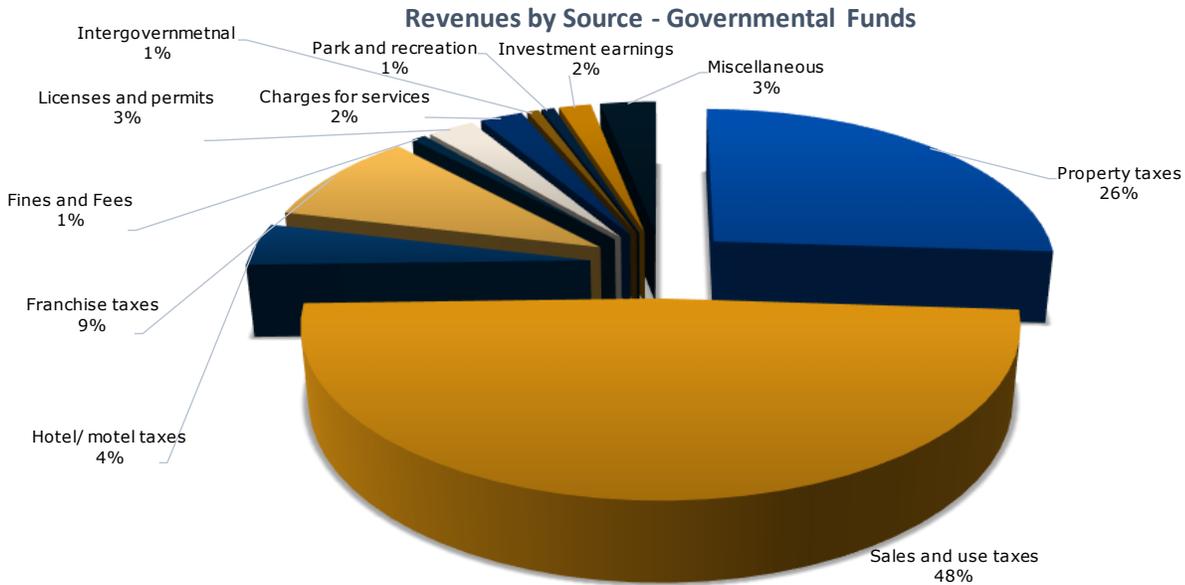
Below is a comparison of the general fund's net change in fund balance for 2022 and 2021.

	2022	2021	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 3,004,815	\$ 2,724,557	\$ 280,258	10%
Sales and use taxes	13,082,338	10,619,179	2,463,159	23%
Franchise	2,491,629	2,235,727	255,902	11%
Fines and fees	206,727	251,295	(44,568)	-18%
Licenses and permits	698,362	1,264,939	(566,577)	-45%
Charges for service	139,769	382,802	(243,033)	-63%
Intergovernmental revenue	177,411	746,986	(569,575)	-76%
Park and recreation	197,734	187,264	10,470	6%
Interest income	154,015	29,557	124,458	421%
Other revenue	<u>427,084</u>	<u>238,430</u>	<u>188,654</u>	<u>79%</u>
Total revenues	<u>20,579,884</u>	<u>18,680,736</u>	<u>1,899,148</u>	<u>10%</u>
Expenditures:				
General government	5,343,395	5,086,089	257,306	5%
Public safety	8,323,914	6,586,789	1,737,125	26%
Highways and streets	1,558,287	1,467,242	91,045	6%
Community development	545,853	498,945	46,908	9%
Clean air coalition	131,582	220,225	(88,643)	-40%
Culture and recreation	2,344,977	1,962,424	382,553	19%
Principal	<u>27,421</u>	<u>-</u>	<u>27,421</u>	<u>0%</u>
Total expenditures	<u>18,275,429</u>	<u>15,821,714</u>	<u>2,453,715</u>	<u>16%</u>
Other financing sources (uses):				
Leases issued	22,805	-	22,805	0%
Transfers in	1,691,290	1,589,238	102,052	6%
Transfers out	(1,957,868)	(649,962)	(1,307,906)	201%
Insurance recovery	16,364	18,732	(2,368)	-13%
Sale of general capital assets	<u>17,337</u>	<u>-</u>	<u>17,337</u>	<u>0%</u>
Net change in fund balances	<u>\$ 2,094,383</u>	<u>\$ 3,817,030</u>	<u>\$ (1,722,647)</u>	<u>-45%</u>

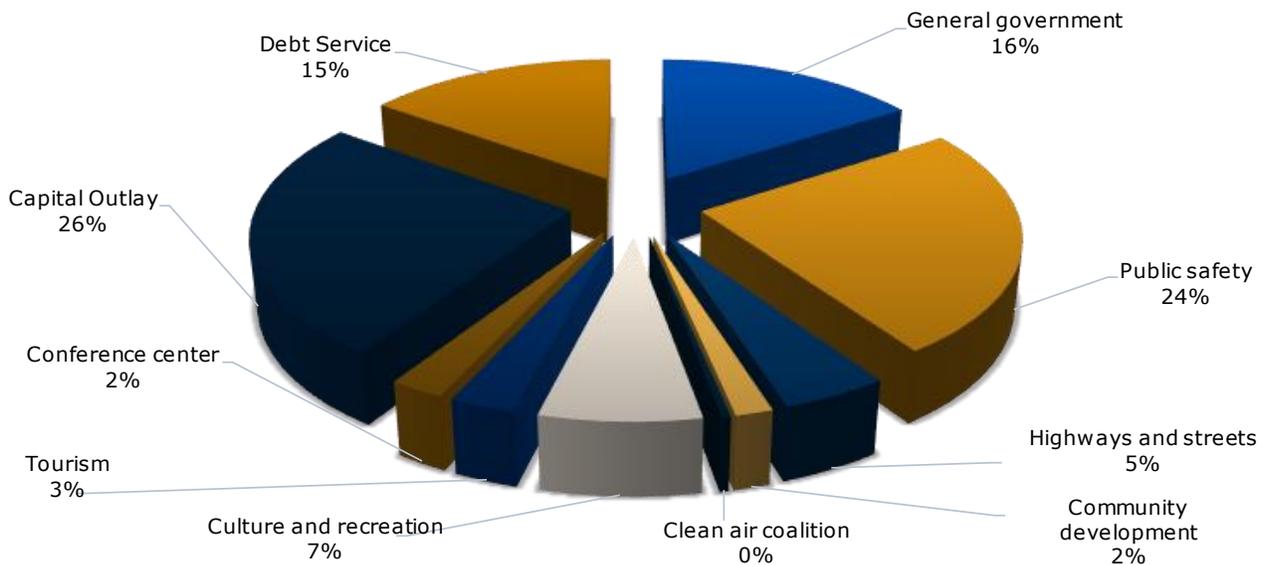
The Debt Service fund has a total fund balance of \$717,770, all of which is restricted for the payment of debt service. Compared to the previous fiscal year, the Debt Service fund balance decreased by \$45,322.

The Capital Projects fund has a total fund balance of \$51,439,631. 100% of the fund balance is restricted to be used to fund projects with bond proceeds. Capital Projects fund balance increased in 2022 by \$38,312,241 primarily due to the issuance of debt.

Below are two graphs summarizing governmental fund revenue and expenditures.



Expenditures by Function - Governmental Funds



Proprietary Funds - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the enterprise funds was \$14,079,457 comprised of the Utility Fund net position of \$11,667,222 and the Airport Fund net position of \$2,412,235. The Utility Fund net position increased by \$4,749,093 in the current fiscal year primarily due to an increase in water and wastewater sales of \$1,570,675 and a decrease of expenses of \$2,847,151 from the prior year. The Airport experienced a net position increase of \$1,384,494.

Unrestricted net position of the fleet internal service fund was \$995,381. Internal service fund net position increased \$505,917.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City made revisions to the general fund original appropriations approved by the City Council. Overall, these changes resulted in an increase in expenditures from the original budget of 2%, or \$281,205.

General fund actual expenditures budgetary basis were \$1,019,545 less than budgeted. The largest budget variances were \$273,945 for streets and \$211,870 for fire.

CAPITAL ASSETS

The City of Granbury’s investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$197,124,997 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, improvements other than buildings and construction in progress.

Major capital asset events during fiscal year 2022 included the following:

Governmental Activities:

- \$999,208 of storm drainage improvements, \$13,500 in park improvements and \$737,954 of street improvements were contributed by developers to the City.
- Vehicles purchased include 2 trucks for street & building maintenance departments totaling \$38,455, two parks mowers totaling \$16,185 and eight police vehicles totaling \$340,691.
- \$7,627,783 more was spent on police station improvements and \$1,350,149 was spent on police radios.
- \$248,736 was spent on park improvements.
- \$1,124,121 was spent on street improvements.

Business-Type Activities:

- \$674,732 of water improvements and \$704,366 of wastewater improvements were contributed by developers to the City.
- Current year capital asset events funded with the 2018A Combination Tax and Surplus Revenue Certificates of Obligation include \$52,342 for construction and \$15,944 of engineering services relating to phase II of the water treatment plant project.
- Current year capital asset events funded with the 2018B Combination Tax and Surplus Revenue Certificates of Obligation include \$11,919,433 for construction and \$416,068 of engineering services relating to the wastewater project.
- Investment in the City’s Wastewater infrastructure improvements totaled \$641,293.
- Investment in the Electric System infrastructure maintenance included \$356,597.
- \$1,706,5551 was spent on the airport expansion project.
- One departmental vehicle was purchased for groundwater for \$23,370.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,660,750	\$ 6,660,750	\$ 12,851,591	\$ 12,851,591	\$ 19,512,341	\$ 19,512,341
Buildings	28,407,066	16,070,102	1,035,637	1,148,099	29,442,703	17,218,201
Right to use - Buildings	108,853	129,587	-	-	108,853	129,587
Improvements other than buildings	31,949,028	30,915,028	75,208,913	63,613,924	107,157,941	94,528,952
Machinery and equipment	3,641,883	4,181,946	1,296,481	1,960,010	4,938,364	6,141,956
Right to use - Machinery and equipment	74,670	71,837	-	-	74,670	71,837
Construction in progress	<u>2,369,506</u>	<u>6,580,272</u>	<u>33,520,619</u>	<u>32,200,035</u>	<u>35,890,125</u>	<u>38,780,307</u>
Total	<u>\$ 73,211,756</u>	<u>\$ 64,609,522</u>	<u>\$ 123,913,241</u>	<u>\$ 111,773,659</u>	<u>\$ 197,124,997</u>	<u>\$ 176,383,181</u>

Additional information on the City of Granbury’s capital assets can be found in Note G. to the financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Granbury had total bonded debt, notes payable, financing arrangements and leases of \$162,669,049. Of this amount, \$13,215,000 comprises bonded debt backed by the full faith and credit of the government and \$104,216,000 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund. The financing arrangement of \$1,637,630 pertain to equipment and an energy retrofit project being finance by lease/purchase financing. The Texas Capital Fund loan is special assessment debt to be repaid by lease revenues received from companies who lease facilities acquired or rehabilitated with these funds The notes payable in the governmental activities is the amount borrowed by the Granbury Historic Properties Corporation, a blended component unit, to purchase the opera house. The notes payable in the business-type activities is amount borrowed to purchase power for the federally declared Winter Storm Uri in February 2021.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Certificates of Obligation	\$ 26,981,000	\$ 28,040,000	\$ 77,235,000	\$ 78,825,000	\$ 104,216,000	\$ 106,865,000
General Obligation	8,382,500	10,082,500	4,832,500	6,297,500	13,215,000	16,380,000
Texas Capital Fund Loan	-	-	28,036	36,046	28,036	36,046
Combination Tax and Revenue	41,945,000	-	-	-	41,945,000	-
Notes Payable	-	178,394	1,402,343	3,700,000	1,402,343	3,878,394
Financing Arrangements	656,454	847,601	981,176	1,130,027	1,637,630	1,977,628
Leases	225,040	253,080	-	-	225,040	253,080
Totals	\$ 78,189,994	\$ 39,401,575	\$ 84,479,055	\$ 89,988,573	\$ 162,669,049	\$ 129,390,148

The City’s bond ratings are listed below:

	General Obligation	Utility Revenue
Fitch Ratings	AA	Not Rated
Standard & Poor's Corporation	AA	A+

No direct funded debt limitation is imposed on the City under current state law or the City’s code. Additional information on the City of Granbury’s long-term debt can be found in Notes H. to M. in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

General Fund revenues are budgeted to increase about 8% in fiscal year 2023 compared to the 2021-2022 budget. Sales tax makes up about 49% of the General Fund operating revenues and is budgeted to increase 9% over the fiscal year 2022 budget. Although Granbury continues to outperform previous year actuals in sales tax collections, fiscal year 2023 budget remains conservative. The operation and maintenance portion of the property tax revenue is budgeted to increase about 18% (\$538K) from the 2021-2022 budgeted amounts, and the debt service portion of the property tax revenue will increase 25% (\$996K) in fiscal year 2023 to fund the new 2022 bond. Certified assessed property valuations increased approximately \$476 million (25%) from the preceding year, and therefore the City was able to adopt a tax rate of .38000 per \$100. The no-new-revenue tax rate for 2022 for the City is 0.326354. The maintenance and operations portion of the tax rate was decreased from \$0.1656 to \$0.1576 and the debt service rate decreased slightly from \$0.2214 to \$0.2208. Due to the continuous increase in property valuations a decrease in the debt service rate was possible while still covering the increased debt service obligation for fiscal year 2023. Granbury has experienced tremendous growth in sales tax and property tax valuations during the last several years and therefore, continues to maintain its status as a regional retail and tourism hub. In fiscal year 2022, sales tax receipts were up 13.3% when compared to the previous year’s actual collections.

General Fund operating expenditures and transfers-out are budgeted to decrease 0.5% compared to 2021-2022 budgeted amounts. Capital expenditures will increase from \$381,778 in fiscal year 2022 to \$540,000 in fiscal year 2023. This capital investment includes a radio system for the fire department, IT equipment and a revitalization to the City's comprehensive plan. Total budget for the General Fund expenditures is \$19,897,361. While the significant growth in sales tax and property valuation is attributable to the increased commercial and residential activity, the City recognizes its reliance on the economically sensitive sales tax revenue and continues to budget conservatively.

Operating revenue in the Utility Fund is budgeted to increase 2.1% compared to the operating revenue budgeted in 2021-2022. This is mainly due to volume increases and a small CPI rate adjustment. Through the current electric power purchase contract which became effective as of January 2018, the City was able to offer a competitive electric rate to the citizens of Granbury, as well as allow the City to set aside funds for future capital investments. The City continues to include in the budget, contributions from surplus to capital sinking funds for the replacement of advanced technology membranes at both the updated water and wastewater treatment plants when the membranes all come to end of life around the same time.

Total expense budget for the Utility Fund in fiscal year 2022-2023 has increased 2.1%. Budgeted capital expenditures in the Utility Fund have decreased around 50%. Purchases of fleet and equipment are now funded through the Fleet Replacement Fund decreasing the related capital expenditures from the Utility Fund. The purpose of the Fleet Replacement Fund is to ensure that adequate funds are available to purchase vehicles and equipment, to stabilize budgeting for major purchases, and to provide a systematic, city-wide approach to procurement and disposition of the fleet.

REQUEST FOR INFORMATION

This 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 Department of Finance, Attn: Finance Director, at P.O. Box 969, Granbury, Texas 76048, or call (817) 573-1114. A copy of this document is available on the City' website at www.granbury.org : go to Departments/ Finance & Administrative Services.

**BASIC
FINANCIAL STATEMENTS**

CITY OF GRANBURY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,017,675	\$ 2,892,122	\$ 7,909,797
Investments	13,961,291	14,397,354	28,358,645
Receivables (net of allowance for uncollectibles):			
Property taxes	81,210	-	81,210
Franchise taxes	413,800	-	413,800
Accounts	-	2,450,686	2,450,686
Leases	2,123,560	1,203,299	3,326,859
Due from other governments	1,999,121	-	1,999,121
Fines and fees receivables	147,167	-	147,167
Miscellaneous receivables	440,668	186,663	627,331
Interest	1,052	3,214	4,266
Internal balances	14,873	(14,873)	-
Prepaid items	93,987	933,966	1,027,953
Inventories	110,439	1,477,712	1,588,151
Restricted assets:			
Cash and cash equivalents	1,424,247	3,471,915	4,896,162
Investments	51,695,301	19,175,230	70,870,531
Capital assets:			
Nondepreciable	9,030,256	46,372,210	55,402,466
Depreciable, net	<u>64,181,500</u>	<u>77,541,031</u>	<u>141,722,531</u>
Total capital assets	<u>73,211,756</u>	<u>123,913,241</u>	<u>197,124,997</u>
Total assets	<u>150,736,147</u>	<u>170,090,529</u>	<u>320,826,676</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	467,499	22,154	489,653
Pension plan - TMRS	2,296,826	679,108	2,975,934
OPEB - TMRS supplemental death benefit	108,020	31,939	139,959
Total deferred outflows of resources	<u>2,872,345</u>	<u>733,201</u>	<u>3,605,546</u>
LIABILITIES			
Accounts payable	2,115,427	1,019,659	3,135,086
Accrued liabilities	167,080	39,324	206,404
Unearned revenue	1,023,282	2,648,298	3,671,580
Current liabilities payable from restricted assets:			
Accounts payable	-	3,674,517	3,674,517
Notes payable	-	1,402,343	1,402,343
Interest payable	447,632	194,467	642,099
Customer deposits	500	1,130,080	1,130,580
Noncurrent liabilities:			
Due within one year:			
Accrued compensated absences	308,410	99,221	407,631
Long-term debt	3,933,929	3,361,021	7,294,950
Due in more than one year:			
Accrued compensated absences	462,615	148,831	611,446
Long-term debt	83,464,394	80,380,744	163,845,138
Net pension liability - TMRS	4,320,705	1,277,513	5,598,218
Net pension liability - TESRS	172,176	-	172,176
Total OPEB liability - TMRS supplemental death benefit	<u>592,536</u>	<u>175,196</u>	<u>767,732</u>
Total liabilities	<u>97,008,686</u>	<u>95,551,214</u>	<u>192,559,900</u>

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

CITY OF GRANBURY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Related to leases	-	1,186,207	1,186,207
Pension plan - TMRS	2,228,626	658,943	2,887,569
Pension plan - TESRS	168,275	-	168,275
OPEB - TMRS supplemental death benefit	26,714	7,898	34,612
Total deferred inflows of resources	<u>2,423,615</u>	<u>1,853,048</u>	<u>4,276,663</u>
NET POSITION			
Net investment in capital assets	37,720,563	55,444,541	93,165,104
Restricted for:			
Debt service	349,686	704,826	1,054,512
Impact fees for capital improvements	-	2,803,479	2,803,479
Public safety	122,861	-	122,861
Culture and recreation	1,348,532	-	1,348,532
Public, educational, and governmental programming	58,418	-	58,418
Court technology and security	116,006	-	116,006
Unrestricted	<u>14,460,125</u>	<u>14,466,622</u>	<u>28,926,747</u>
Total net position	<u>\$ 54,176,191</u>	<u>\$ 73,419,468</u>	<u>\$ 127,595,659</u>

CITY OF GRANBURY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 6,081,245	\$ 2,054,372	\$ -	\$ -
Public safety	6,785,090	211,106	90,866	-
Highways and streets	3,122,827	-	594	1,909,693
Community development	539,961	799,464	-	-
Clean air coalition	130,162	-	-	-
Culture and recreation	2,585,383	210,834	-	-
Tourism	1,549,990	182,509	-	-
Conference center	793,202	418,683	-	-
Interest on long-term debt	1,984,290	-	-	-
Total governmental activities	<u>23,572,150</u>	<u>3,876,968</u>	<u>91,460</u>	<u>1,909,693</u>
Business-type activities:				
Water treatment and distribution	8,452,821	9,641,675	-	674,732
Wastewater collection and treatment	4,098,532	4,060,649	-	704,366
Electricity	8,563,745	12,103,336	-	-
Airport	1,127,664	1,233,959	-	41,289
Total business-type activities	<u>22,242,762</u>	<u>27,039,619</u>	<u>-</u>	<u>1,420,387</u>
Total primary government	<u>\$ 45,814,912</u>	<u>\$ 30,916,587</u>	<u>\$ 91,460</u>	<u>\$ 3,330,080</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Hotel/motel taxes

Franchise taxes

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenues and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$(4,026,873)	\$ -	\$(4,026,873)
(6,483,118)	-	(6,483,118)
(1,212,540)	-	(1,212,540)
259,503	-	259,503
(130,162)	-	(130,162)
(2,374,549)	-	(2,374,549)
(1,367,481)	-	(1,367,481)
(374,519)	-	(374,519)
<u>(1,984,290)</u>	<u>-</u>	<u>(1,984,290)</u>
<u>(17,694,029)</u>	<u>-</u>	<u>(17,694,029)</u>
-	1,863,586	1,863,586
-	666,483	666,483
-	3,539,591	3,539,591
-	147,584	147,584
<u>-</u>	<u>6,217,244</u>	<u>6,217,244</u>
\$(<u>17,694,029</u>)	\$ <u>6,217,244</u>	\$(<u>11,476,785</u>)
3,002,553	-	3,002,553
4,013,450	-	4,013,450
12,079,455	-	12,079,455
1,132,517	-	1,132,517
2,491,629	-	2,491,629
485,130	161,105	646,235
72,366	4,841	77,207
848,471	170,884	1,019,355
<u>326,098</u>	<u>(326,098)</u>	<u>-</u>
<u>24,451,669</u>	<u>10,732</u>	<u>24,462,401</u>
6,757,640	6,227,976	12,985,616
<u>47,418,551</u>	<u>67,191,492</u>	<u>114,610,043</u>
\$ <u>54,176,191</u>	\$ <u>73,419,468</u>	\$ <u>127,595,659</u>

CITY OF GRANBURY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Debt Service</u>
ASSETS		
Cash and cash equivalents	\$ 2,950,719	\$ 547,172
Investments	13,652,827	-
Receivables (net of allowance for uncollectibles):		
Property taxes	34,606	46,604
Franchise taxes	413,800	-
Leases	2,022,696	-
Due from other governments	1,999,121	-
Fines and fees receivables	147,167	-
Miscellaneous receivables	333,425	-
Interest	1,052	-
Due from other funds	15,566	-
Inventories	105,082	-
Prepaid items	64,982	-
Restricted assets:		
Cash and cash equivalents	349,834	-
Investments	-	172,822
Total assets	<u>22,090,877</u>	<u>766,598</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities:		
Accounts payable	877,862	1,529
Accrued liabilities	156,193	-
Customer deposits	-	-
Unearned revenue	999,019	-
Due to other funds	-	693
Total liabilities	<u>2,033,074</u>	<u>2,222</u>
Deferred Inflows of Resources		
Related to leases	2,000,689	-
Unavailable revenues - property taxes	32,942	46,606
Unavailable revenues - franchise taxes	413,800	-
Unavailable revenues - court fines	147,167	-
Total deferred inflows of resources	<u>2,594,598</u>	<u>46,606</u>

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

Capital Projects	Other Governmental Fund	Total Governmental Funds
\$ -	\$ 1,206,214	\$ 4,704,105
-	-	13,652,827
-	-	81,210
-	-	413,800
-	100,864	2,123,560
-	-	1,999,121
-	-	147,167
-	107,243	440,668
-	-	1,052
-	-	15,566
-	5,357	110,439
-	29,005	93,987
1,074,413	-	1,424,247
<u>51,522,479</u>	<u>-</u>	<u>51,695,301</u>
<u>52,596,892</u>	<u>1,448,683</u>	<u>76,903,050</u>
1,157,261	64,957	2,101,609
-	10,887	167,080
-	500	500
-	24,263	1,023,282
-	-	693
<u>1,157,261</u>	<u>100,607</u>	<u>3,293,164</u>
-	100,726	2,101,415
-	-	79,548
-	-	413,800
-	-	147,167
<u>-</u>	<u>100,726</u>	<u>2,741,930</u>

CITY OF GRANBURY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Debt Service</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES (continued)		
Fund balances:		
Nonspendable:		
Inventories	105,082	-
Prepaid items	64,982	-
Restricted:		
Debt service	-	717,770
Construction	-	-
Police training, K9 program, and forfeiture funds	122,861	-
Park improvements	488,822	-
Public, educational, and governmental programming	58,418	-
Tourism	-	-
Court technology and security	116,006	-
Committed:		
Culture and recreation	-	-
General government	396,193	-
Police	693,237	-
Fire	4,975	-
Streets	7,376	-
Parks	424,937	-
Cemetery	620	-
Assigned:		
Cemetery gas well	212,471	-
Unassigned	<u>14,767,225</u>	<u>-</u>
Total fund balances	<u>17,463,205</u>	<u>717,770</u>
Total liabilities, Deferred inflows of resources, and fund balances	<u>\$ 22,090,877</u>	<u>\$ 766,598</u>

Capital Projects	Other Governmental Fund	Total Governmental Funds
-	5,357	110,439
-	29,005	93,987
-	-	717,770
51,439,631	-	51,439,631
-	-	122,861
-	-	488,822
-	-	58,418
-	859,710	859,710
-	-	116,006
-	353,278	353,278
-	-	396,193
-	-	693,237
-	-	4,975
-	-	7,376
-	-	424,937
-	-	620
-	-	212,471
-	-	14,767,225
<u>51,439,631</u>	<u>1,247,350</u>	<u>70,867,956</u>
<u>\$ 52,596,892</u>	<u>\$ 1,448,683</u>	<u>\$ 76,903,050</u>

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CITY OF GRANBURY, TEXAS

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

SEPTEMBER 30, 2022

Total fund balance, governmental funds \$ 70,867,956

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 73,211,756

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Related to leases	2,101,415
Unavailable revenue - property taxes	79,548
Unavailable revenue - franchise taxes	413,800
Unavailable revenue - court fines	147,167

The City uses an internal service fund to charge the cost of fleet to the appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 608,216

Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position

Bonds payable, at maturity	(77,308,500)
Financing arrangements	(656,454)
Leases	(225,040)
Premium/discount on bonds payable	(9,208,329)
Accrued long-term interest	(447,632)
Compensated absences	(771,025)

Deferred charges for refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds. 467,499

Net pension liability and related deferred outflows and inflows of resources do not represent current liabilities and are not reported in the fund financial statements, but are included in the governmental activities of the statement of net position.

Deferred outflows related to pensions - TMRS	2,296,826
Deferred outflows related to OPEB	108,020
Net Pension Liability - TMRS	(4,320,705)
Net Pension Liability - TESRS	(172,176)
Total OPEB Liability	(592,536)
Deferred inflows related to pensions - TMRS	(2,228,626)
Deferred inflows related to pensions - TESRS	(168,275)
Deferred inflows related to OPEB	<u>(26,714)</u>

Net position of governmental activities in the statement of net position \$ 54,176,191

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Debt Service</u>
REVENUES		
Taxes:		
Property taxes	\$ 3,004,815	\$ 4,010,875
Sales and use taxes	13,082,338	-
Hotel/motel taxes	-	-
Franchise taxes	2,491,629	-
Fines and fees	206,727	-
License and permits	698,362	-
Charges for services	139,769	-
Intergovernmental	177,411	-
Park and recreation	197,734	-
Investment earnings	154,015	104,195
Miscellaneous	427,084	-
Total revenues	<u>20,579,884</u>	<u>4,115,070</u>
EXPENDITURES		
Current:		
General government	5,343,395	-
Public safety	8,323,914	-
Highways and streets	1,558,287	-
Community development	545,853	-
Clean air coalition	131,582	-
Culture and recreation	2,344,977	-
Tourism	-	-
Conference center	-	-
Capital outlay	-	-
Debt service:		
Principal	27,421	2,950,147
Interest and other charges	-	1,426,954
Total expenditures	<u>18,275,429</u>	<u>4,377,101</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,304,455</u>	<u>(262,031)</u>
OTHER FINANCING SOURCES (USES)		
Bond proceeds	-	-
Premium	-	-
Leases issued	22,805	-
Transfers in	1,691,290	216,709
Transfers out	(1,957,868)	-
Insurance recovery	16,364	-
Sale of general capital assets	17,337	-
Total other financing sources (uses)	<u>(210,072)</u>	<u>216,709</u>
NET CHANGE IN FUND BALANCES	2,094,383	(45,322)
FUND BALANCES, BEGINNING	<u>15,368,822</u>	<u>763,092</u>
FUND BALANCES, ENDING	<u>\$ 17,463,205</u>	<u>\$ 717,770</u>

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

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 7,015,690
-	-	13,082,338
-	1,132,517	1,132,517
-	-	2,491,629
-	-	206,727
-	-	698,362
-	500,466	640,235
-	-	177,411
-	-	197,734
216,598	5,887	480,695
-	405,023	832,107
<u>216,598</u>	<u>2,043,893</u>	<u>26,955,445</u>
-	27,103	5,370,498
-	-	8,323,914
-	-	1,558,287
-	-	545,853
-	-	131,582
-	-	2,344,977
-	959,878	959,878
-	801,855	801,855
8,695,610	-	8,695,610
-	201,818	3,179,386
486,817	9,077	1,922,848
<u>9,182,427</u>	<u>1,999,731</u>	<u>33,834,688</u>
(8,965,829)	44,162	(6,879,243)
41,945,000	-	41,945,000
5,541,817	-	5,541,817
-	-	22,805
-	584,714	2,492,713
(208,747)	-	(2,166,615)
-	-	16,364
-	-	17,337
<u>47,278,070</u>	<u>584,714</u>	<u>47,869,421</u>
38,312,241	628,876	40,990,178
<u>13,127,390</u>	<u>618,474</u>	<u>29,877,778</u>
<u>\$ 51,439,631</u>	<u>\$ 1,247,350</u>	<u>\$ 70,867,956</u>

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CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds: \$ 40,990,178

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period:

Capital outlay	12,333,434
Depreciation expense	(3,909,623)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

1,079,684

Governmental fund report repayment of bond principal and capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt.

(44,330,236)

Deferred charges on bond refunding, and other debt charges which are treated as expenditures or other sources/uses in the fund basis financial statements are set up as assets and amortized the Statement of Net Position. The net change for each represents an increase/(decrease) in net position.

Bond premiums/discounts	207,326
-------------------------	---------

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

Changes in accrued interest	(268,768)
Changes in accrued compensated absences	(110,650)

Pension expense does not represent a use of current resources and is not recognized in the fund financial statements.

412,783

OPEB expense does not represent a use of current resources and is not recognized in the fund financial statements.

(58,016)

The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.

411,528

Change in net position of governmental activities \$ 6,757,640

CITY OF GRANBURY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,909,620	\$ 787,314	\$ 2,696,934	\$ 508,758
Investments	12,627,411	1,577,966	14,205,377	500,441
Receivables (net of allowance for uncollectibles):				
Accounts	2,450,686	-	2,450,686	-
Leases	-	1,203,299	1,203,299	-
Miscellaneous receivables	54,039	132,624	186,663	-
Interest	3,214	-	3,214	-
Prepaid items	933,966	-	933,966	-
Inventories	1,399,805	77,907	1,477,712	-
Restricted assets:				
Cash and cash equivalents	3,461,057	10,858	3,471,915	-
Investments	19,175,230	-	19,175,230	-
Total current assets	<u>42,015,028</u>	<u>3,789,968</u>	<u>45,804,996</u>	<u>1,009,199</u>
Non-current assets:				
Capital assets:				
Land	3,425,413	9,426,178	12,851,591	-
Construction in progress	22,083,152	11,437,467	33,520,619	16,207
Buildings	1,522,646	90,763	1,613,409	-
Improvement other than buildings	111,730,198	3,645,310	115,375,508	-
Machinery and equipment	4,570,947	328,270	4,899,217	2,130,588
Less accumulated depreciation	(41,977,289)	(2,788,737)	(44,766,026)	(644,494)
Total non-current assets	<u>101,355,067</u>	<u>22,139,251</u>	<u>123,494,318</u>	<u>1,502,301</u>
Total assets	<u>143,370,095</u>	<u>25,929,219</u>	<u>169,299,314</u>	<u>2,511,500</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	22,154	-	22,154	-
Pension plan - TMRS	655,598	23,510	679,108	-
OPEB - TMRS supplemental death benefit	30,833	1,106	31,939	-
Total deferred outflows of resources	<u>708,585</u>	<u>24,616</u>	<u>733,201</u>	<u>-</u>

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

CITY OF GRANBURY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	922,210	97,449	1,019,659	13,818
Accrued liabilities	37,645	1,679	39,324	-
Unearned revenue	2,647,966	332	2,648,298	-
Accrued compensated absences	86,242	12,979	99,221	-
Due to other funds	14,873	-	14,873	-
Current liabilities payable from restricted assets:				
Accounts payable	3,674,517	-	3,674,517	-
Notes payable	1,402,343	-	1,402,343	-
Current portion of long-term debt	3,327,030	33,991	3,361,021	-
Interest payable	194,467	-	194,467	-
Customer deposits	<u>1,119,222</u>	<u>10,858</u>	<u>1,130,080</u>	-
Total current liabilities	<u>13,426,515</u>	<u>157,288</u>	<u>13,583,803</u>	<u>13,818</u>
Non-current liabilities:				
Accrued compensated absences	129,362	19,469	148,831	-
Net pension liability - TMRS	1,233,287	44,226	1,277,513	-
Total OPEB liability - TMRS				
supplemental death benefit	169,131	6,065	175,196	-
Texas capital fund loan	28,036	-	28,036	-
Financing arrangements	664,811	162,396	827,207	-
Bonds payable	<u>79,525,501</u>	<u>-</u>	<u>79,525,501</u>	-
Total non-current liabilities	<u>81,750,128</u>	<u>232,156</u>	<u>81,982,284</u>	-
Total liabilities	<u>95,176,643</u>	<u>389,444</u>	<u>95,566,087</u>	<u>13,818</u>
DEFERRED INFLOWS OF RESOURCES				
Related to leases	-	1,186,207	1,186,207	-
Pension plan - TMRS	636,131	22,812	658,943	-
OPEB - TMRS supplemental death benefit	<u>7,625</u>	<u>273</u>	<u>7,898</u>	-
Total deferred inflows of resources	<u>643,756</u>	<u>1,209,292</u>	<u>1,853,048</u>	-
NET POSITION				
Net investment in capital assets	33,082,754	21,942,864	55,025,618	1,502,301
Restricted for capital projects				
Debt service	704,826	-	704,826	-
Impact fees for capital improvements - water	1,279,785	-	1,279,785	-
Impact fees for capital improvements - wastewater	1,523,694	-	1,523,694	-
Unrestricted	<u>11,667,222</u>	<u>2,412,235</u>	<u>14,079,457</u>	<u>995,381</u>
Total net position	<u>\$ 48,258,281</u>	<u>\$ 24,355,099</u>	<u>\$ 72,613,380</u>	<u>\$ 2,497,682</u>

Reconciliation to government-wide Statement of Net Position:

Total Net Position	\$ 48,258,281	\$ 24,355,099	\$ 72,613,380
Adjustment to reflect the consolidation of Internal Service Funds activities related to enterprise funds	<u>658,504</u>	<u>147,584</u>	<u>806,088</u>
	<u>\$ 48,916,785</u>	<u>\$ 24,502,683</u>	<u>\$ 73,419,468</u>

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CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
OPERATING REVENUES				
Charges for services:				
Water and wastewater sales	\$ 13,077,320	\$ -	\$ 13,077,320	\$ -
Electricity sales	11,762,930	-	11,762,930	-
Airport services	-	1,175,860	1,175,860	-
Impact fees	257,705	-	257,705	-
Miscellaneous	707,705	58,099	765,804	660,400
Total operating revenues	<u>25,805,660</u>	<u>1,233,959</u>	<u>27,039,619</u>	<u>660,400</u>
OPERATING EXPENSES				
Administration	1,437,556	-	1,437,556	-
Airport	-	956,497	956,497	-
Water treatment and distribution	3,701,719	-	3,701,719	-
Wastewater collection and treatment	1,877,205	-	1,877,205	-
Electricity	6,334,458	-	6,334,458	-
Meter reading	280,497	-	280,497	-
Utility franchise fees	1,480,742	-	1,480,742	-
Depreciation	4,403,264	158,017	4,561,281	352,237
Total operating expenses	<u>19,515,441</u>	<u>1,114,514</u>	<u>20,629,955</u>	<u>352,237</u>
OPERATING INCOME	<u>6,290,219</u>	<u>119,445</u>	<u>6,409,664</u>	<u>308,163</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	141,573	16,770	158,343	7,197
Intergovernmental revenue	138,884	32,000	170,884	-
Gain (loss) on disposal of capital assets	(16,737)	-	(16,737)	76,607
Interest expense	(1,547,143)	(21,763)	(1,568,906)	-
Total non-operating revenues (expenses)	<u>(1,283,423)</u>	<u>27,007</u>	<u>(1,256,416)</u>	<u>83,804</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	5,006,796	146,452	5,153,248	391,967
Capital grants and contributions	1,379,098	41,289	1,420,387	-
Transfers in	-	1,253,294	1,253,294	113,950
Transfers out	(1,636,801)	(56,541)	(1,693,342)	-
CHANGE IN NET POSITION	4,749,093	1,384,494	6,133,587	505,917
NET POSITION, BEGINNING	<u>43,509,188</u>	<u>22,970,605</u>	<u>66,479,793</u>	<u>1,991,765</u>
NET POSITION, ENDING	<u>\$ 48,258,281</u>	<u>\$ 24,355,099</u>	<u>\$ 72,613,380</u>	<u>\$ 2,497,682</u>
Reconciliation to government-wide Statement of Activities:				
Change in Net Position	\$ 4,749,093	\$ 1,384,494	\$ 6,133,587	
Adjustment to reflect the consolidation of Internal Service Funds activities related to enterprise funds	<u>94,389</u>	<u>-</u>	<u>94,389</u>	
	<u>\$ 4,843,482</u>	<u>\$ 1,384,494</u>	<u>\$ 6,227,976</u>	

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

CITY OF GRANBURY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental
				Activities
	Utility Fund	Airport Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 27,335,220	\$ 4,694	\$ 27,339,914	\$ -
Receipts from interfund services provided	-	-	-	660,400
Payments to employees	(9,707,717)	(948,841)	(10,656,558)	-
Payments to suppliers	(4,963,528)	1,224,491	(3,739,037)	13,818
Net cash provided (used) by operating activities	<u>12,663,975</u>	<u>280,344</u>	<u>12,944,319</u>	<u>674,218</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from note payable	1,863,477	-	1,863,477	-
Transfers to other funds	(1,636,801)	(56,541)	(1,693,342)	-
Transfers from other funds	-	1,253,294	1,253,294	113,950
Operating grants and contributions	<u>138,884</u>	<u>32,000</u>	<u>170,884</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>365,560</u>	<u>1,228,753</u>	<u>1,594,313</u>	<u>113,950</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	(7,419,178)	(32,861)	(7,452,039)	-
Capital grants and contributions	1,379,098	41,289	1,420,387	-
Acquisition and construction of capital assets	(15,667,876)	(1,144,947)	(16,812,823)	(418,700)
Disposal of capital assets	(16,737)	-	(16,737)	-
Proceeds from the sale of assets	-	-	-	76,607
Interest paid on capital debt	(1,530,398)	(21,763)	(1,552,161)	-
Net cash used for capital and related financing activities	<u>(23,255,091)</u>	<u>(1,158,282)</u>	<u>(24,413,373)</u>	<u>(342,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	9,784,677	-	9,784,677	(500,441)
Purchase of investments	(4,026,303)	(12,772)	(4,039,075)	-
Interest received	<u>141,573</u>	<u>16,770</u>	<u>158,343</u>	<u>7,197</u>
Net cash provided by investing activities	<u>5,899,947</u>	<u>3,998</u>	<u>5,903,945</u>	<u>(493,244)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,325,609)	354,813	(3,970,796)	(47,169)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>9,696,286</u>	<u>443,359</u>	<u>10,139,645</u>	<u>555,927</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 5,370,677</u>	<u>\$ 798,172</u>	<u>\$ 6,168,849</u>	<u>\$ 508,758</u>

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

CITY OF GRANBURY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental
				Activities
	Utility Fund	Airport Fund	Total Enterprise Funds	Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 6,290,219	\$ 119,445	\$ 6,409,664	\$ 308,163
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,403,264	158,017	4,561,281	352,237
Decrease (increase) in accounts receivable	146,038	-	146,038	-
Decrease (increase) in interest receivable	(3,196)	-	(3,196)	-
Decrease (increase) in miscellaneous receivables	159,706	(25,849)	133,857	-
Decrease (increase) in lease receivables	-	(1,203,299)	(1,203,299)	-
Decrease (increase) in prepaid items	(880,915)	-	(880,915)	-
Decrease (increase) in inventory	(30,570)	(20,612)	(51,182)	-
Decrease (increase) in deferred outflows of resources relating to pensions	(29,300)	(2,128)	(31,428)	-
Decrease (increase) in deferred outflows of resources relating to OPEB	3,003	16	3,019	-
Increase (decrease) in accrued liabilities	(3,666)	190	(3,476)	-
Increase (decrease) in accounts payable	1,414,581	58,706	1,473,287	13,818
Increase (decrease) in customer deposits	161,656	1,158	162,814	-
Increase (decrease) in unearned revenue	1,065,356	(1,275)	1,064,081	-
Increase (decrease) in compensated absences	27,276	6,353	33,629	-
Increase (decrease) in net pension liability	(448,623)	(11,665)	(460,288)	-
Increase (decrease) in total OPEB liability	9,275	763	10,038	-
Increase (decrease) in deferred inflows of leases	-	1,186,207	1,186,207	-
Increase (decrease) in deferred inflows of resources relating to pensions	378,231	14,242	392,473	-
Increase (decrease) in deferred inflows of resources relating to OPEB	1,640	75	1,715	-
Net cash provided (used) by operating activities	\$ <u>12,663,975</u>	\$ <u>280,344</u>	\$ <u>12,944,319</u>	\$ <u>674,218</u>

CITY OF GRANBURY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

SEPTEMBER 30, 2022

	<u>Employee Benefits Trust</u>
ASSETS	
Cash and cash equivalents	\$ 416,162
Total assets	<u>416,162</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for contracting entity	<u>416,162</u>
Total net position	<u>\$ 416,162</u>

CITY OF GRANBURY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Employee Benefits Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,501,814
Employees	257,812
Investment earnings	<u>1,636</u>
Total additions	<u>1,761,262</u>
DEDUCTIONS	
Insurance premiums	<u>1,682,134</u>
Total expenses	<u>1,682,134</u>
CHANGE IN NET POSITION	79,128
NET POSITION, BEGINNING	<u>337,034</u>
NET POSITION, ENDING	<u>\$ 416,162</u>

CITY OF GRANBURY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

I. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Reporting Entity

The City of Granbury is a charter city in which the citizens elect the mayor at large and five council members at large by place. The financial statements of the City of Granbury Texas ("City") include all governmental activities, organizations, and functions of the City. The criteria considered in determining governmental activities to be reported within the City's financial statements included: the City's accountability for the entity's fiscal matters; the scope of public service of the entity; and the nature of any special financing relationships which may exist between the City and a given governmental entity. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City has one blended component unit, which has a September 30 year-end.

Blended Component Unit

June 6, 2006, the City created the Granbury Historic Properties Corporation pursuant to the Texas Transportation Corporation Act, Chapter 431 as amended. All powers of the Corporation are vested with a Board of Directors consisting of three directors, to be determined by the City Council. All appointed members shall be members of the employed staff of the City of Granbury. These members shall serve the length of time as set forth by the City Council, but for a term not longer than six years. At all times the members must be residents of the City. In the event that a member resides outside of the City, the City Council shall replace any member residing outside of the City with a person who resides in the City. The Corporation was created to assist the City in acquisition/control of historical properties deemed important to the growth and development of the City. The Corporation is presented as a blended component unit and reported as a special revenue fund because the City can impose its will on the Corporation by significantly influencing the programs, projects or activities performed by the Corporation and because the Corporation's services are provided exclusively for the benefit of the City.

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property taxes, sales and use taxes, hotel/motel occupancy taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

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

The **Debt Service Fund** is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The **Utility Fund** is used to account for the operation of the utility systems of the City.

The **Airport Fund** is an enterprise fund used to account for the operation of the City's municipal airport.

Additionally, the government reports the following fund and fund types:

The **Internal Service Fund** is used to account for fleet costs of the City.

The **Tourism Fund** is used to account for the financial resources to be used for the expenditures related to tourism, the Conference Center, The Langdon Center, and the Opera House.

The **Employee Benefits Trust** is used to account for employer and employee contributions for health insurance premiums and the payment of those premiums.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds, distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased. Amounts invested in Tex-Pool, TexStar, Texas FIT, Texas Range and Texas Class public investment pools and US Treasuries are not considered cash and cash equivalents. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Tax

Ad valorem property taxes are levied each October 1, in conformity with Subtitle E, Texas Property Tax Code. The taxes are levied from valuations assessed as of the prior January 1. Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. Property tax revenues are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon thereafter to be used to pay current liabilities. Taxes expected to be collected within sixty days of the fiscal year end are recorded as deferred revenue and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply.

4. Inventory

All inventories are valued at cost using an average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30 are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid expenses in the governmental funds are accounted for using the purchases method.

6. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government and proprietary funds are depreciated using the straight-line method over the following estimated useful lives.

Asset	Estimated Useful Lives
Building and infrastructure	20-40 years
Improvements other than buildings	10-50 years
Machinery and equipment	7-20 years
Right to use - buildings	20-40 years
Right to use - machinery and equipment	7-20 years

The City has reported infrastructure capital assets acquired prior to the implementation of GASB Statement No. 34 at an estimated historical cost and are reported with improvements other than buildings.

7. Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for noncancellable leases and recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. When an employee leaves City employment, the employee is paid for earned but unused vacation time. This payout is limited to an amount equal to their annual vacation allowance based on years of service. Accumulated vacation time less than or equal to the employee's annual vacation allowance is accrued in the government-wide and proprietary fund financial statements. Accumulated sick time is accrued in the government-wide and proprietary fund financial statements for employees who are over sixty years old and have at least five years of service to the City or employees who have served the City for twenty years, regardless of age. The liability for these amounts are reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses as incurred. Deferred refunding charges are reported as deferred outflows of resources and are amortized over the life of the bonds.

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

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/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.

10. Fund Balance – Governmental Funds

In accordance with GASB No. 54, the City classified fund balances in the governmental funds as follows:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Action is required by the City Council to designate, remove, or change the constraints on an item in this category.

Unassigned – All amounts not included in other spendable classifications. The General Fund is the only fund that reports a positive fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The details of the fund balances of the governmental funds are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays and inventory	\$ 170,064	\$ -	\$ -	\$ -	\$ 170,064
<u>Restricted:</u>					
Debt Service	-	717,770	-	-	717,770
Construction	-	-	51,439,631	-	51,439,631
Police training, K9 program and forfeiture funds	122,861	-	-	-	122,861
Park improvements	488,822	-	-	-	488,822
Public, educational and governmental programming	58,418	-	-	-	58,418
Tourism	-	-	-	859,710	859,710
Court Technology & Security	116,006	-	-	-	116,006
<u>Committed:</u>					
Culture and Recreation	-	-	-	353,278	353,278
General Government	396,193	-	-	-	396,193
Police	693,237	-	-	-	693,237
Fire	4,975	-	-	-	4,975
Streets	7,376	-	-	-	7,376
Parks	424,937	-	-	-	424,937
Cemetery	620	-	-	-	620
<u>Assigned:</u>					
Cemetery Gas Well	212,471	-	-	-	212,471
<u>Unassigned:</u>	14,767,225	-	-	-	14,767,225
	\$ 17,463,205	\$ 717,770	\$ 51,439,631	\$ 1,247,350	\$ 70,867,956

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the City to strive to maintain an unassigned fund balance of not less than 25% of the General Fund budgeted expenditures.

11. Net Position

Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The following is the reconciliation of restricted fund balance reported in the governmental fund financial statements the restricted net position of the governmental activities reported in the government-wide financial statements.

Restricted Fund Balance (Exhibit C-1)	\$ 53,803,218
Adjustments	
Unspent proceeds from bonds not included in net investment in capital assets	(51,439,631)
Accrued interest payable restricted for debt service	(447,632)
Deferred property tax revenue restricted for debt service	79,548
Total adjustments	<u>(51,807,715)</u>
Restricted Net Position	<u>\$ 1,995,503</u>

12. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of management's estimates.

13. Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

14. Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective October 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of the beginning fund balance or net position, but assets, deferred inflows and liabilities were recognized, and more extensive note disclosures were required.

I. **DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

A. **Deposits and Investments**

The Texas Public Funds Investment Act authorizes the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities, and other political subdivisions, secured certificates of deposit, repurchase agreements, bankers' acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. Investments are stated at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2022, the City did not own any types of securities other than those permitted by statute.

The City invests idle funds in the Texas Local Government Investment Pool (TexPool), TexSTAR investment pool, the Texas Cooperative Liquid Assets Securities System (Texas CLASS) investment pool, Texas Fixed Income Trust (Texas FIT), and the Texas Range Local Investment Pool. These pools have been organized in conformity with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. The Comptroller maintains oversight responsibility and has established an advisory board composed of both participants in the pool and other persons who do not have a business relationship with pool. The Advisory Board members review the investment policy and management fee structure.

All the pools state all investments at amortized cost, which generally approximates the fair value of the securities. Both pools submit their information to Standard & Poor's for ratings review. Deposits in this fund are not subject to custodial credit risk. The City does not have any limitations or restrictions on withdrawals from these pools.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. As a requirement to maintain its rating, weekly portfolio information must be submitted to Standards and Poor's, as well as the office of the Comptroller of Public Accounts for review.

TexSTAR has been 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. An advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR has been established and maintained.

Texas CLASS has been 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. An advisory board composed of participants in Texas CLASS and other persons who do not have a business relationship with Texas CLASS has been established and maintained.

Texas FIT has been 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. An advisory board composed of participants in Texas FIT and other persons who do not have a business relationship with Texas FIT has been established and maintained.

Texas Range has been 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. An advisory board composed of participants in Texas Range and other persons who do not have a business relationship with Texas Range has been established and maintained.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name at a level of not less than 102% of fair value. At September 30, 2022, the City's deposits at all banks were adequately insured.

Credit Risk-Investments

The City controls credit risk by limiting its investments to those instruments allowed by the State Public Funds Investment Act described above.

Interest Rate Risk - Investments

In accordance with its investment policy, the City manages interest rate risk by avoiding over concentration of assets in a specific maturity sector, a specific issuer, or a specific class of securities. Portfolio maturities are staggered in a way that protects interest income from volatility and concentrations in a specific maturity sector. The maximum dollar weighted average maturity will be limited to two years. The City's investments at September 30, 2022 included the following:

Investment	Credit Rating	Maturities	% of Total Investments	Cost	Fair Value
TexPool	AAAm	24 days	0.48%	\$ 425,000	\$ 425,000
Texas Class	AAAm	108 days	53.36%	47,066,673	47,066,673
Texas Fit	AAAf	20 days	42.83%	37,781,644	37,781,644
Texas Range	AAAmmf	24 days	1.26%	1,113,506	1,113,506
TexStar	AAAm	48 days	2.06%	1,816,696	1,816,696
			100.00%	\$ 88,203,519	\$ 88,203,519

<u>Reconciliation to financial statements</u>	
Investments from Exhibit A-1	\$ 99,229,176
Less: BOK Financial Short-Term Cash	(11,025,657)
	<u>\$ 88,203,519</u>

B. Restricted Assets

The following cash and investments in the government-wide statement of net position are restricted for the following purposes:

	Cash	Investments
Governmental Activities		
PEG Fees	\$ 62,079	\$ -
Police forfeitures	72,628	-
Trust and agency	215,127	-
Construction	1,074,413	51,695,301
Total	<u>\$ 1,424,247</u>	<u>\$ 51,695,301</u>
Business-type Activities		
Customer deposits	\$ 1,130,080	\$ -
Impact fees restricted for capital improvements	579,307	2,225,050
Revenue bond reserve	16,484	890,018
Bond construction fund	1,746,044	16,060,162
Total	<u>\$ 3,471,915</u>	<u>\$ 19,175,230</u>

C. Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is based upon historical experience and is equal to 15% of outstanding delinquent property taxes at September 30. In the governmental activities the fines and fees receivable is reported net of an allowance which is 80% of the outstanding receivable. Trade accounts receivable in the enterprise fund that are inactive at year-end comprise the trade accounts receivable allowance for uncollectible accounts. Receivables as of year-end for the governmental funds and enterprise fund, including the applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Tourism	Total Governmental Funds	Total Enterprise Funds
Receivables:					
Property Taxes	\$ 40,547	\$ 54,830	\$ -	\$ 95,377	\$ -
Franchise Taxes	413,800	-	-	413,800	-
Leases	2,022,696	-	100,864	2,123,560	1,203,299
Accounts Receivable	-	-	-	-	1,628,898
Earned income not billed	-	-	-	-	875,708
Fines and fees receivable	735,833	-	-	735,833	-
Due from other governments	1,999,121	-	-	1,999,121	-
Miscellaneous	333,425	-	107,243	440,668	186,663
Interest	1,052	-	-	1,052	3,214
Gross receivables	5,546,474	54,830	208,107	5,809,411	3,897,782
Less: allowance for uncollectibles	(594,607)	(8,226)	-	(602,833)	(53,920)
Net total receivables	<u>\$ 4,951,867</u>	<u>\$ 46,604</u>	<u>\$ 208,107</u>	<u>\$ 5,206,578</u>	<u>\$ 3,843,862</u>

D. Lease Receivables

A summary of lease receivables as of September 30, 2022, are as follows:

Purpose of Lease	Amount of Initial Receivable	Revenue Current Year	Receivable 9/30/2022
Governmental Activities:			
Land Improvements	\$ 195,979	\$ 2,040	\$ 193,939
Infrastructure	964,162	5,870	958,292
Buildings	17,809	1,800	16,009
Buildings (Tourism Fund)	145,493	44,629	100,864
Land	<u>908,247</u>	<u>53,791</u>	<u>854,456</u>
	<u>2,231,690</u>	<u>108,130</u>	<u>2,123,560</u>
Business-Type Activities:			
Buildings	\$ 711,889	\$ 54,175	\$ 657,714
Land	<u>554,752</u>	<u>9,167</u>	<u>545,585</u>
	<u>1,266,641</u>	<u>63,342</u>	<u>1,203,299</u>

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify in this category, deferred charges on refunding bonds, deferred outflows related to pensions, and deferred outflows relating to OPEB reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods. The City has three types of items in this category, unavailable revenues for governmental funds, deferred inflows related to pensions, and deferred inflows relating to OPEB in the government-wide statement of net position and proprietary funds statements. At the end of the fiscal year, the components of deferred inflows in the governmental funds were as follows:

Deferred inflows of resources - governmental funds		
Related to leases (General Fund)		\$ 2,000,689
Related to leases (Tourism Fund)		100,726
Deferred property taxes receivable (General Fund)		32,942
Deferred property taxes receivable (Debt Service)		46,606
Deferred franchise tax receivable (General Fund)		413,800
Deferred fines and fees receivable (General Fund)		<u>147,167</u>
Total deferred inflows for governmental funds		<u>2,741,930</u>

F. Interfund Receivable, Payables and Transfers

The composition of interfund balances for the City’s individual major funds and nonmajor funds as of September 30, 2022, is as follows:

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Debt Service Fund	\$ 693	Debt service
General Fund	Utility Fund	<u>14,873</u>	Warehouse inventory
		<u>\$ 15,566</u>	

The composition of interfund transfers for the City's individual major funds and nonmajor funds as of September 30, 2022, is as follows:

Transfers In	Transfers Out	Amount	Reason
General Fund	Utility Fund	\$ 1,634,749	
General Fund	Airport Fund	56,541	Unrestricted revenues of airport fund used to finance various general fund programs
Debt Service Fund	Utility Fund	2,052	Debt service
Debt Service Fund	General Fund	214,657	Debt service
Nonmajor Governmental Funds	General Fund	584,714	Tourism and historic properties
Airport Fund	Capital Projects Fund	208,747	Operations and projects
Airport Fund	General Fund	1,044,547	Operations and projects
Internal Service Fund	General Fund	113,950	Purchase of vehicles
		<u>\$ 3,859,957</u>	

G. Capital Assets

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

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 6,660,750	\$ -	\$ -	\$ 6,660,750
Construction in progress	6,580,272	10,503,094	(14,713,860)	2,369,506
Total capital assets, not being depreciated	<u>13,241,022</u>	<u>10,503,094</u>	<u>(14,713,860)</u>	<u>9,030,256</u>
Capital assets being depreciated:				
Buildings	27,337,454	13,459,347	(1,057,456)	39,739,345
Right to use - buildings	129,587	-	-	129,587
Improvements other than buildings	69,801,944	3,001,131	(2,458,457)	70,344,618
Machinery and equipment	15,651,346	456,248	(607,595)	15,499,999
Right to use - machinery and equipment	71,837	22,805	-	94,642
Total capital assets being depreciated	<u>112,992,168</u>	<u>16,939,531</u>	<u>(4,123,508)</u>	<u>125,808,191</u>
Less accumulated depreciation for:				
Buildings	(11,267,352)	(1,122,383)	1,057,456	(11,332,279)
Right to use - buildings	-	(20,734)	-	(20,734)
Improvements other than buildings	(38,886,916)	(1,967,131)	2,458,457	(38,395,590)
Machinery and equipment	(11,469,400)	(996,311)	607,595	(11,858,116)
Right to use - machinery and equipment	-	(19,972)	-	(19,972)
Total accumulated depreciation	<u>(61,623,668)</u>	<u>(4,126,531)</u>	<u>4,123,508</u>	<u>(61,626,691)</u>
Total capital assets being depreciated, net	<u>51,368,500</u>	<u>12,813,000</u>	<u>-</u>	<u>64,181,500</u>
Governmental activities capital assets, net	<u>\$ 64,609,522</u>	<u>\$ 23,316,094</u>	<u>\$ (14,713,860)</u>	<u>\$ 73,211,756</u>

Depreciation expense was charged as a direct expense to programs of the governmental activities as follows:

Governmental Activities:	
General government	\$ 766,270
Public safety	569,594
Highways and streets	1,525,628
Culture and recreation	647,178
Tourism	617,861
Total depreciation expense - governmental activities	<u>\$ 4,126,531</u>

Capital asset activity for the business-type activities for the year ended September 30, 2022 was as follows:

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 12,851,591	\$ -	\$ -	\$ 12,851,591
Construction in progress	32,200,035	15,513,255	(14,192,671)	33,520,619
Total capital assets, not being depreciated	45,051,626	15,513,255	(14,192,671)	46,372,210
Capital assets being depreciated:				
Buildings	1,753,507	29,018	(169,116)	1,613,409
Improvements other than buildings	102,615,472	15,488,525	(2,728,489)	115,375,508
Machinery and equipment	6,052,289	137,916	(592,918)	5,597,287
Total capital assets being depreciated	110,421,268	15,655,459	(3,490,523)	122,586,204
Less accumulated depreciation for:				
Buildings	(605,408)	(141,480)	169,116	(577,772)
Improvements other than buildings	(39,001,548)	(3,889,671)	2,724,624	(40,166,595)
Machinery and equipment	(4,092,279)	(665,460)	456,933	(4,300,806)
Total accumulated depreciation	(43,699,235)	(4,696,611)	3,350,673	(45,045,173)
Total capital assets being depreciated, net	66,722,033	10,958,848	(139,850)	77,541,031
Business-type activities				
Capital assets, net	\$ 111,773,659	\$ 26,472,103	\$ (14,332,521)	\$ 123,913,241

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities		
Water treatment and distribution		\$ 3,106,152
Wastewater collection and treatment		1,016,066
Electricity		416,376
Airport		158,017
Total depreciation expense - business-type activities		\$ 4,696,611

H. Governmental Activities Long-Term Debt

The City issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the government. General Obligation Bonds and Certificates of Obligation outstanding for governmental activities are as follows:

Governmental Activities:

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
Governmental Refunding	5/1/2013	8/15/2024	2.00-3.00%	\$ 4,980,000	490,000
Governmental Refunding	3/1/2008	8/15/2024	3.50-4.00%	2,270,000	62,500
Governmental Refunding	12/1/2014	8/15/2031	2.00-4.00%	8,130,000	6,370,000
Governmental Refunding	8/1/2016	8/15/2032	2.00-5.00%	5,075,000	1,460,000
Construction & Improvements	4/15/2015	8/15/2025	2.00-4.00%	2,460,000	715,000
Construction & Improvements	2/15/2016	8/15/2036	2.00-4.00%	9,690,000	8,590,000
Fire Apparatus	6/1/2019	8/15/2029	2.38%	2,210,000	1,606,000
Construction & Improvements	2/15/2020	8/15/2040	2.00-5.00%	16,460,000	16,070,000
Construction & Improvements	8/1/2022	8/15/2042	5.00%	41,945,000	41,945,000
					77,308,500

General Obligation Bonds, Certificates of Obligation Bonds and Capital Leases Payable principal and interest are paid by the debt service fund. The Note Payable to First Financial Bank is paid by the Granbury Historic Properties Corporation. The compensated absences balances were earned in the funds as follows: general fund \$753,926 and tourism fund \$17,099.

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Not Direct Placement					
Certificates of Obligation	\$ 26,225,000	\$ -	\$ 850,000	\$ 25,375,000	\$ 1,280,000
General Obligation Bonds	10,082,500	-	1,700,000	8,382,500	1,025,000
Combination Tax and Revenue Certificate Issuance Premium	-	41,945,000	-	41,945,000	595,000
	<u>3,965,494</u>	<u>5,541,817</u>	<u>298,982</u>	<u>9,208,329</u>	<u>571,530</u>
	40,272,994	47,486,817	2,848,982	84,910,829	3,471,530
Direct Placement					
Certificates of Obligation	<u>1,815,000</u>	<u>-</u>	<u>209,000</u>	<u>1,606,000</u>	<u>213,000</u>
Total Bonds	<u><u>42,087,994</u></u>	<u><u>47,486,817</u></u>	<u><u>3,057,982</u></u>	<u><u>86,516,829</u></u>	<u><u>3,684,530</u></u>
Notes Payable	178,394	-	178,394	-	-
Financing arrangements	847,601	-	191,147	656,454	196,438
Leases	253,080	22,805	50,845	225,040	52,961
Compensated Absences	660,375	458,824	348,174	771,025	308,410
Net Pension Liability - TMRS	5,903,649	42,291,999	43,874,943	4,320,705	-
Net Pension Liability - TESRS	368,331	259,992	456,147	172,176	-
Total OPEB Liability	<u>561,132</u>	<u>58,032</u>	<u>26,628</u>	<u>592,536</u>	<u>-</u>
Total Governmental Activities	<u><u>\$ 50,860,556</u></u>	<u><u>\$ 90,578,469</u></u>	<u><u>\$ 48,184,260</u></u>	<u><u>\$ 93,254,765</u></u>	<u><u>\$ 4,242,339</u></u>

Liabilities for compensated absences, net pension liability, and other post-employment benefits that are included in governmental activities are expended primarily in the General Fund as benefits are used by the employees.

During the year, the City of Granbury issued the Combination Tax and Revenue Certificates of Obligation, Series 2022 in the amount of \$41,945,000. The certificate of obligation will mature in 2042 and has a true interest cost of 3.69%. The proceeds will be used for various construction projects.

The aggregate debt service payments to maturity of the governmental activities general obligation bonds, certificates of obligation that are not direct placement are as follows:

Year Ending September 30,	Certificates of Obligation			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,280,000	\$ 939,681	\$ 2,219,681	\$ 1,025,000	\$ 327,225	\$ 1,352,225
2024	1,335,000	885,081	2,220,081	1,067,500	291,800	1,359,300
2025	1,375,000	848,381	2,223,381	685,000	251,600	936,600
2026	1,160,000	810,481	1,970,481	710,000	224,200	934,200
2027	1,190,000	776,480	1,966,480	740,000	195,800	935,800
2028-2032	6,750,000	3,103,856	9,853,856	4,155,000	511,600	4,666,600
2033-2037	8,400,000	1,680,028	10,080,028	-	-	-
2038-2040	<u>3,885,000</u>	<u>314,800</u>	<u>4,199,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service Requirements	\$ 25,375,000	\$ 9,358,788	\$ 34,733,788	\$ 8,382,500	\$ 1,802,225	\$ 10,184,725

Year Ending September 30,	Combination Tax and Revenue Certificate of Obligation		
	Principal	Interest	Total
2023	\$ 595,000	\$ 2,178,810	\$ 2,773,810
2024	700,000	2,067,500	2,767,500
2025	1,155,000	2,032,500	3,187,500
2026	1,470,000	1,974,750	3,444,750
2027	1,545,000	1,901,250	3,446,250
2028-2032	9,125,000	8,259,000	17,384,000
2033-2037	11,980,000	5,701,750	17,681,750
2038-2040	<u>15,375,000</u>	<u>2,381,560</u>	<u>17,756,560</u>
Debt Service Requirements	\$ 41,945,000	\$ 26,497,120	\$ 68,442,120

Governmental bonds from direct placements include a provision that in the event the City defaults on the payments or performance of covenants, conditions, or obligations, the holders of the bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City to observe and perform the covenant, a condition and obligation prescribed by bond ordinance.

Payments to maturity on the direct placement bonds include the following:

Direct Placement:

Year Ending September 30,	Certificates of Obligation		
	Principal	Interest	Total
2023	\$ 213,000	\$ 38,223	\$ 251,223
2024	219,000	33,153	252,153
2025	224,000	27,941	251,941
2026	229,999	22,610	252,609
2027	235,000	17,160	252,160
2028-2029	486,000	17,420	-
	<u>\$ 1,606,999</u>	<u>\$ 156,507</u>	<u>\$ 1,260,086</u>

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

Three debt issues of the City are allocated between the governmental activities and business-type activities. The General Obligation Refunding Bonds, Series 2008 were allocated \$2,270,000 governmental activities and \$2,270,000 business-type activities. The General Obligation Refunding Bonds, Series 2013 were allocated \$4,980,000 governmental activities and \$3,190,000 business-type activities. The General Obligation Refunding Bonds, Series 2016 were allocated \$5,075,000 governmental activities and \$815,000 business-type activities.

In December 2018, the City issued \$13,810,000 in Combination Tax and Surplus Revenue Certificates of Obligation from the Texas Water Development Board's Drinking Water State Revolving Fund for the construction of improvements and extensions to the City's water system. As of September 30, 2022, expenditures for the project totaled \$74,841. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2022, the balance of the escrow account was \$1,245,305.

In December 2018, the City issued \$34,950,000 in Combination Tax and Surplus Revenue Certificates of Obligation from the Texas Water Development Board's Clean Water State Revolving Fund for the construction of improvements and extensions to the City's wastewater system. As of September 30, 2022, expenditures for the project totaled \$12,335,502. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2022, the balance of the escrow account was \$11,801,942.

General Obligation Bonds and Certificates of Obligation outstanding for business-type activities are as follows:

Business-Type Activities:

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
Enterprise Refunding	5/1/2013	8/15/2024	2.00-3.00%	\$ 3,190,000	140,000
Enterprise Refunding	3/1/2008	8/15/2024	3.50-4.00%	2,270,000	62,500
Enterprise Refunding	8/1/2016	8/15/2024	2.00-5.00%	815,000	240,000
Enterprise Refunding	2/1/2018	8/15/2038	2.00-4.00%	5,620,000	2,120,000
Enterprise Refunding	8/15/2020	8/15/2031	2.00-5.00%	2,695,000	2,270,000
Water System Improvements	6/15/2015	8/15/2045	0.00-2.22%	1,643,000	15,135,000
Water System Improvements	6/15/2016	8/15/2027	0.00-1.04%	2,720,000	1,370,000
Water System Improvements	4/1/2017	8/15/2037	0.00-2.16%	15,000,000	14,255,000
Water System Improvements	12/1/2018	8/15/2048	0.76-2.27%	13,810,000	12,650,000
Wastewater System Improvements	12/1/2018	8/15/2048	0.56-1.97%	34,950,000	33,825,000
Total Business-Type Activities					<u>\$ 82,067,500</u>

In June 2021, the City took out a \$3,700,000 loan for the purpose of paying the invoice for purchased power during the February 2021 winter storm. The loan has term of 364 days with an interest rate of 2.3% due in quarterly installments of \$475,066 with a balloon payment due at the maturity date of June 20, 2022 in the amount of \$2,346,091. The City has the option to request a renewal date for another year under the same terms ninety days prior to the maturity of the original loan. The lender will have thirty days to accept or deny the requested renewal. As of September 30, 2022, the balance of the loan was \$1,402,343.

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-Type Activities:					
Not Direct Placement					
Certificates of Obligation	\$ 78,825,000	\$ -	\$ 1,590,000	\$ 77,235,000	\$ 2,580,000
General Obligation Bonds	6,297,500	-	1,465,000	4,832,500	540,000
Issuance Premium	744,097	-	79,044	665,053	79,042
Total Bonds	85,866,597	-	3,134,044	82,732,553	3,199,042
Texas Capital Fund Loan	36,046	-	8,010	28,036	8,010
Notes Payable	3,700,000	1,863,477	4,161,134	1,402,343	1,402,343
Financing arrangements	1,130,027	-	148,851	981,176	153,969
Compensated Absences	214,423	112,361	78,732	248,052	99,221
Net Pension Liability - TMRS	1,737,801	12,504,579	12,964,867	1,277,513	-
Total OPEB Liability	165,158	17,911	7,873	175,196	-
Total Business-Type Activities	\$ 92,850,052	\$ 14,498,328	\$ 20,503,511	\$ 86,844,869	\$ 4,862,585

The aggregate debt service payments to maturity of the business-type activities general obligation bonds and certificates of obligation are as follows:

Year Ending September 30,	General Obligation and Certificates of Obligation		
	Principal	Interest	Total
2023	\$ 3,120,000	\$ 1,521,913	\$ 4,641,913
2024	3,157,500	1,485,389	4,642,889
2025	3,205,000	1,445,717	4,650,717
2026	3,250,000	1,399,506	4,649,506
2027	3,290,000	1,351,468	4,641,468
2028-2032	17,365,000	5,900,788	23,265,788
2033-2037	19,270,000	4,141,542	23,411,542
2038-2042	13,825,000	2,458,772	16,283,772
2043-2047	13,360,000	1,004,288	14,364,288
2043-2042	2,225,000	45,692	2,270,692
Debt Service Requirements	82,067,500	20,755,075	102,822,575
Add: Unamortized Premium	665,053	-	665,053
	\$ 82,732,553	\$ 20,755,075	\$ 103,487,628

The various bond ordinances contain a number of limitations and restrictions. Management believes the City is in compliance with all significant limitations and restrictions at September 30, 2022.

J. **Texas Capital Loan Fund**

The City has obtained a loan in the form of a grant from the Texas Capital Fund administered by the Texas Department of Agriculture through the Office of Rural Community Affairs. The purpose of the grants are for capital acquisition and/or rehabilitation of facilities needed for new manufacturing entities who relocated to Granbury or existing manufacturing or service companies who expand operations in Granbury. The loans will be repaid to the State by the City from lease revenues received from the companies who lease the facilities from the City.

The term of the lease coincides with the loan which is amortized over 10 years at 0.00% interest payable in monthly installments. The City is obligated in some manner to the State for the repayment of the loans; however, should the business default on its obligation to the City, the State shall suspend the repayment terms until another occupant for the facility can be found. Due to the nature of the loan, the City has accounted for the loans in the business-type activities column of the statement of net assets.

The tenants of the facilities have options to purchase the facilities at any time after the expiration of five years from the date the State contract is closed out. The purchase price is the original amount of the loan less the sum of (a) the full amount of all fixed rental payments actually received by the City; and (b) any and all amounts actually paid by the tenant to the City under the project agreement as a result of recoupment of Texas Capital Fund grant by the Texas Department of Agriculture.

The annual debt service requirements to maturity for the special assessment debt are as follows:

Texas Capital Loan Fund	
Year Ending September 30,	Principal
2023	\$ 8,010
2024	8,010
2025	8,010
2026	<u>4,006</u>
Debt Service Requirements	\$ 28,036

K. Notes Payable

The aggregate debt service payments of the notes payable are as follows:

Notes Payable	
Year Ending September 30,	Principal
2023	\$ 1,402,343
Debt Service Requirements	\$ <u>1,402,343</u>

L. Financing arrangements

The City has committed under various noncancelable lease/purchase agreements, primarily for equipment and airport hangers.

Purpose	Date Issued	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
Governmental Activities:					
Pumper Truck	2/18/2015	3/1/2025	2.750%	\$ 812,000	\$ 224,503
Freightliner Rescue Vehicles	12/16/2016	12/16/2023	2.030%	347,802	65,778
Heating & Cooling Units	8/15/2018	8/15/2028	3.409%	572,131	<u>366,173</u>
					656,454
Business-Type Activities:					
Aircraft Maintenance Hangar	2/12/2013	2/13/2028	3.350%	188,705	78,735
Aircraft Storage Hangar	2/12/2013	2/13/2028	3.350%	284,790	117,653
Heating & Cooling Units	8/15/2018	8/15/2028	3.409%	1,225,994	<u>784,788</u>
					981,176

Future minimum lease/purchase commitments are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2023	\$ 196,438	\$ 153,969
2024	161,607	159,249
2025	106,046	164,739
2026	61,966	170,403
2027	64,096	176,264
2028	<u>66,301</u>	<u>156,552</u>
Total Debt Service Requirements	656,454	981,176

Assets under lease and related accumulated depreciation are as follows:

	Governmental Activities	Business-type Activities	Total
Improvements other than buildings	\$ 572,131	\$ 2,685,021	\$ 3,257,152
Machinery and equipment	1,159,277	-	1,159,277
Less: Accumulated Depreciation	<u>(987,898)</u>	<u>(1,308,071)</u>	<u>(2,295,969)</u>
Net	\$ 743,510	\$ 1,376,950	\$ 2,120,460

M. Leases

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Year Ending September 30,	Governmental Activities - Leases		
	Principal	Interest	Total
2023	\$ 52,961	\$ 1,705	\$ 54,666
2024	51,620	1,262	52,882
2025	52,067	815	52,882
2026	41,968	375	42,343
2027	21,117	134	21,251
2028	5,307	7	5,314
	<u>\$ 225,040</u>	<u>\$ 4,298</u>	<u>\$ 229,338</u>

N. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League and participates in the Intergovernmental Risk Pool insurance coverage are 100% covered through third-party insurance policies. There has been no reduction in coverage and the number of settlements during the past three years has not exceeded the insurance coverage.

O. Defined Benefit Pension Plans

A. Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 895 plans in defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Annual Financial Report (Annual Report) that can be obtained at *tms.com*.

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

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 Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age; 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating

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

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	106
Active employees	183
Total	<u>409</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 16.11% and 16.85% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$1,868,132, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	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 are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Market	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	<u>10.0%</u>	10.00%
Total	<u>100.0%</u>	

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balance at 12/31/2020	\$ 50,950,900	\$ 43,309,451	\$ 7,641,449
Changes for the year:			
Service cost	1,741,438	-	1,741,438
Interest	3,425,228	-	3,425,228
Difference between expected and actual experience	834,017	-	834,017
Contributions - employer	-	1,676,698	(1,676,698)
Contributions - employee	-	742,524	(742,524)
Net investment income	-	5,650,637	(5,650,637)
Benefit payments, including refunds of employer contributions	(2,155,005)	(2,155,005)	-
Administrative expense	-	(26,124)	26,124
Other changes	-	179	(179)
Net changes	<u>3,845,678</u>	<u>5,888,909</u>	<u>(2,043,231)</u>
Balance at 12/31/2021	<u>\$ 54,796,578</u>	<u>\$ 49,198,360</u>	<u>\$ 5,598,218</u>

Sensitivity of the Net Pension Liability

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%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability/(asset)	\$ 13,632,684	\$ 5,598,218	\$(952,069)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$1,324,567.

At September 30, 2022, 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 in expected and actual experience	\$ 1,562,143	\$ 3,856
Changes in actuarial assumptions	38,279	
Differences in projected and actual investment earnings	-	2,883,713
Contributions subsequent to the measurement date	<u>1,375,512</u>	-
Total	<u>\$ 2,975,934</u>	<u>\$ 2,887,569</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$1,375,512 will be recognized as a reduction of the NPL for the year ended September 30, 2023 for the City.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	Pension Expense
2023	\$ 282,519
2024	(592,638)
2025	(431,579)
2026	(545,449)

B. Texas Emergency Services Retirement System (TESRS)

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 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. At August 31, 2021, there were 239 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

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 the rate of 6.2% compounded annually. There is no provision for automatic postretirement 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 or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Covered Membership

On August 31, 2021, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,843
Terminated Members Entitled to but Not Yet Receiving Benefits	1,706
Active Participants	3,571

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 contribution 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.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for service per member. Prior service purchased must have occurred before the department began participation 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.

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 ending August 31, 2021, total contributions of \$4,801,195 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 ending August 31, 2021. The City’s contributions for the years ended September 30, 2022, 2021 and 2020 \$71,820 were \$77,140 and \$68,110, respectively.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

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.

Net Pension Liability

The System’s net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2021

	System 100.00%	City 1.607%
Total Pension Liability	\$ 155,683,765	\$ 2,501,838
Plan Fiduciary Net Position	<u>144,969,613</u>	<u>2,329,662</u>
Net Pension Liability	<u>\$ 10,714,152</u>	<u>\$ 172,176</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.1%	93.1%

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.

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 4.6%) and by adding expected inflation (3%). 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%	5.83%
Small/ mid cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Global infrastructure	5%	6.41%
Real estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Cash	-	-
Total	<u>100%</u>	4.60%
Weighted average		

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 System, 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 in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's Proportional Share of the Net Pension Liability	\$ 562,736	\$ 172,176	\$(88,547)

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

At September 30, 2022, the City reported a liability of \$172,176 for its proportionate share of the TERS's net pension liability. This liability reflects the reduction for State pension support provided to the City. The amounts recognized by the City as its proportionate share of the net pension liability, the related State support, and the total pension liability that was associated with the City were as follows:

	City
City's proportional share of the collective net pension liability	\$ 172,176
State's proportional share that is associated with the City	<u>146,838</u>
Total	<u>\$ 319,014</u>

TESRS’s net pension liability was measured as of August 31, 2021 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 portion of the net pension liability was based on the City’s contributions to the pension plan relative to the contribution of all entities to the plan for the period September 1, 2020 through August 31, 2021.

For the year ended September 30, 2021, the City recognized pension expense of \$201.

At September 30, 2022, the City reported deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences in expected and actual experience	\$ 6,811
Changes in actuarial assumptions	235
Differences in projected and actual investment earnings	<u>161,229</u>
Total	<u>\$ 168,275</u>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended September 30,</u>	<u>Pension Expense</u>
2023	\$(45,479)
2024	(28,008)
2025	(52,849)
2026	(41,939)

P. Postemployment Benefits Other Than Pensions (OPEB) - TMRS Supplemental Death Benefits Fund

Plan Description. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City’s covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Commission opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

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

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	29
Active employees	183
Total	298

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for 2022 and 0.26% for 2021, of which 0.12% and 0.14%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2022 and 2021 were \$14,218 and \$11,594, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2021
Inflation rate	2.50% per annum
Discount rate	1.84%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.50% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 1.84% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	\$ 945,153	\$ 767,732	\$ 632,299

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2022, the City reported a liability of \$767,732 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$87,009. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2020	\$ 726,290
Changes for the year:	
Service cost	37,118
Interest	14,753
Difference between expected and actual experience	(20,066)
Changes of assumptions	24,072
Benefit payments	(14,435)
Net changes	<u>41,442</u>
Balance at 12/31/2021	<u>\$ 767,732</u>

The total OPEB liability attributable to the governmental activities will be liquidated by the General Fund. The total liability attributable to the business-type activities will be liquidated by the Utility and Airport Fund.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 128,724	\$ 9,981
Changes in actuarial assumptions used	1,298	24,631
Contributions subsequent to the measurement date	<u>9,937</u>	<u>-</u>
Total	<u>\$ 139,959</u>	<u>\$ 34,612</u>

\$9,937 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2023. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2023	\$ 32,553
2024	30,613
2025	25,690
2026	6,327
2027	227
Thereafter	-

Q. Commitments and Contingencies

Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

R. Litigation and Other Contingencies

The City is the defendant in three lawsuits. Upon resolution of the referenced lawsuits, the City does not expect to have a material adverse effect on its financial condition.

S. Contracts and Commitments

Purchased Power for Resale

In December 2015, The City entered into an agreement with Exelon Generation Company, LLC ("Constellation") effective January 1, 2018 through December 31, 2020 for the purchase of its power and energy to serve its retail customers. In September 2018, the agreement was renewed for another five years effective January 1, 2021 through December 31, 2025. The total cost incurred under this agreement for the year ended September 30, 2022 was \$4,697,649.

Water Capacity

The City has an annual agreement with the Brazos River Authority for 10,800-acre feet of water. The cost is adjusted annually by the Brazos River Authority. The amount paid to the Brazos River Authority under this agreement for the year ended September 30, 2022 was \$761,584.

Airport Expansion

The City and Texas Department of Transportation have agreed to a joint project to expand the Granbury Regional Airport. The City has acquired all the land for the airport expansion project. Phase II of the project is currently underway, and it consists of the relocation of the power distribution lines and the construction of a new electric substation. The City received \$3,600,000 reimbursement in 2017 and \$3,000,000 reimbursement in 2019 for part of the land cost. These funds were deposited into the Airport Fund and must be used for the airport expansion project. Current year expenditures for airport expansion project were \$1,076,551. The Texas Department of Transportation will oversee the construction phase of the project.

Water Treatment Plant Phase II

The City entered into an \$11,825,160 construction contract for the water treatment plant phase II. Expenditures as of September 30, 2022 were \$12,371,393.

Wastewater Treatment Plant Phase I

The City entered into an \$27,000,000 construction contract for the wastewater treatment plant phase I. Expenditures as of September 30, 2022 were \$15,973,714.

Encumbrances

Amounts totaling \$1,527,338 have been encumbered in the general fund and are reported as committed fund balance.

T. Tax Abatements

The City is authorized to provide assistance for economic development under Chapter 380 of the Texas Local Government Code. The economic development must serve the purpose of promoting state or local economic development by stimulating business or commercial activity within the City. The assistance may be in the form of loans, grants, tax rebates and use of City personnel and services. The City has entered into Chapter 380 Economic Development Program Agreements with companies and has agreed to provide grants and rebates of real and personal property tax or sales tax. Below is a table of tax abatements for the year ended September 30, 2022.

<u>Type of Business</u>	<u>Purpose</u>	<u>Tax Abated</u>	<u>Percent Abated</u>	<u>Amount Abated</u>
Grocery store	Construct new facility and operate grocery	Property tax	50%	\$ 145,836
		Sales tax	50% of 1 cent	47,172

U. Future Financial Reporting Requirements

The GASB has issued the following statement which will become effective in future years.

Statement No. 93, Replacement of Interbank Offered Rates – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will become effective for reporting periods beginning after June 15, 2021, and the impact has not yet been determined.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, Subscription-Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

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

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 2,994,110	\$ 2,994,110	\$ 3,004,815	\$ -
Sales and use taxes	9,975,000	9,975,000	13,082,338	-
Franchise taxes	2,258,400	2,258,400	2,491,629	-
Fines and fees	189,100	189,100	206,727	-
Licenses and permits	930,000	930,000	698,362	-
Charges for services	124,800	124,800	139,769	-
Intergovernmental	186,500	186,500	177,411	-
Park and recreation	114,000	135,025	197,734	-
Investment earnings	30,000	30,000	154,015	-
Miscellaneous	138,000	223,570	427,084	-
Total revenues	<u>16,939,910</u>	<u>17,046,505</u>	<u>20,579,884</u>	<u>-</u>
EXPENDITURES				
Current:				
General government:				
City council	183,741	206,675	177,154	22,694
Legal	184,400	184,400	181,488	-
Executive	818,806	818,806	771,991	-
Financial administration	546,313	546,313	515,521	-
Purchasing	182,808	205,608	194,720	-
Social services	109,000	109,000	84,000	-
Information technology	981,972	981,972	822,911	49,634
Economic development	202,700	283,306	163,229	28,853
Human resources	227,453	227,453	215,671	-
Warehouse	182,277	182,277	127,202	31,020
Fleet maintenance	362,015	362,015	352,414	343
Building maintenance	813,223	820,723	813,379	8,478
Granbury broadcasting services	234,153	262,953	262,964	-
Other governmental functions	900,550	787,116	660,751	103,150
Total general governments	<u>5,929,411</u>	<u>5,978,617</u>	<u>5,343,395</u>	<u>244,172</u>
Public safety:				
Police	6,321,236	6,374,507	7,631,019	(1,323,116)
Fire	650,993	650,993	442,925	(3,802)
Municipal court	252,448	252,448	249,970	18
Total public safety	<u>7,224,677</u>	<u>7,277,948</u>	<u>8,323,914</u>	<u>(1,326,900)</u>
Highways and streets:				
Streets	959,764	959,764	704,462	(18,643)
Buildings and permits	897,414	897,414	853,825	10
Total highways and streets	<u>1,857,178</u>	<u>1,857,178</u>	<u>1,558,287</u>	<u>(18,633)</u>

Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
\$ 3,004,815	\$ 10,705
13,082,338	3,107,338
2,491,629	233,229
206,727	17,627
698,362	(231,638)
139,769	14,969
177,411	(9,089)
197,734	62,709
154,015	124,015
427,084	203,514
<u>20,579,884</u>	<u>3,533,379</u>
199,848	6,827
181,488	2,912
771,991	46,815
515,521	30,792
194,720	10,888
84,000	25,000
872,545	109,427
192,082	91,224
215,671	11,782
158,222	24,055
352,757	9,258
821,857	(1,134)
262,964	(11)
763,901	23,215
<u>5,587,567</u>	<u>391,050</u>
6,307,903	66,604
439,123	211,870
249,988	2,460
<u>6,997,014</u>	<u>280,934</u>
685,819	273,945
853,835	43,579
<u>1,539,654</u>	<u>317,524</u>

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment Budget Basis
	Original	Final		
EXPENDITURES (Continued)				
Community development:				
Community development	\$ 588,787	\$ 588,787	\$ 545,853	\$ -
Total community development	<u>588,787</u>	<u>588,787</u>	<u>545,853</u>	<u>-</u>
Clean air coalition:				
Clean air coalition	111,340	111,340	131,582	(67,020)
Total clean air coalition	<u>111,340</u>	<u>111,340</u>	<u>131,582</u>	<u>(67,020)</u>
Culture and recreation:				
Cemetery	56,188	56,188	53,619	120
Parks	2,204,929	2,383,657	2,291,358	154,423
Total culture and recreation	<u>2,261,117</u>	<u>2,439,845</u>	<u>2,344,977</u>	<u>154,543</u>
Debt service:				
Principal	-	-	27,421	-
Total debt service	<u>-</u>	<u>-</u>	<u>27,421</u>	<u>-</u>
Total expenditures	<u>17,972,510</u>	<u>18,253,715</u>	<u>18,275,429</u>	<u>(1,013,838)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,032,600)</u>	<u>(1,207,210)</u>	<u>2,304,455</u>	<u>1,013,838</u>
OTHER FINANCING SOURCES (USES)				
Leases	-	-	22,805	-
Transfers in	1,683,000	1,683,000	1,691,290	-
Transfers out	(580,000)	(1,743,211)	(1,957,868)	-
Insurance recovery	-	8,121	16,364	-
Sale of general capital assets	-	-	17,337	-
Total other financing sources (uses)	<u>1,103,000</u>	<u>(52,090)</u>	<u>(210,072)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	70,400	(1,259,300)	2,094,383	1,013,838
FUND BALANCE, BEGINNING	<u>15,368,822</u>	<u>15,368,822</u>	<u>15,368,822</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 15,439,222</u>	<u>\$ 14,109,522</u>	<u>\$ 17,463,205</u>	<u>\$ 1,013,838</u>

<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ <u>545,853</u>	\$ <u>42,934</u>
<u>545,853</u>	<u>42,934</u>
<u>64,562</u>	<u>46,778</u>
<u>64,562</u>	<u>46,778</u>
53,739	2,449
<u>2,445,781</u>	(<u>62,124</u>)
<u>2,499,520</u>	(<u>59,675</u>)
<u>27,421</u>	(<u>27,421</u>)
<u>27,421</u>	(<u>27,421</u>)
<u>17,234,170</u>	<u>1,019,545</u>
<u>3,318,293</u>	(<u>4,525,503</u>)
22,805	22,805
1,691,290	8,290
(1,957,868)	(214,657)
16,364	8,243
<u>17,337</u>	<u>17,337</u>
(<u>210,072</u>)	<u>157,982</u>
3,108,221	4,367,521
<u>15,368,822</u>	<u>-</u>
\$ <u>18,477,043</u>	\$ <u>4,367,521</u>

CITY OF GRANBURY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	2014	2015
A. Total pension liability		
Service Cost	\$ 1,146,288	\$ 1,267,619
Interest (on the Total Pension Liability)	2,247,052	2,373,921
Difference between expected and actual experience	(235,764)	(65,276)
Contributions in relation to the actuarially determined contribution	-	-
Changes in assumptions	-	11,679
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)
Net change in total pension liability	1,689,194	2,244,687
Total pension liability - beginning	<u>32,261,788</u>	<u>33,950,982</u>
Total pension liability - ending (a)	<u>33,950,982</u>	<u>36,195,669</u>
B. Plan fiduciary net position		
Contributions - Employer	1,210,021	1,211,241
Contributions - Employee	529,121	543,376
Net Investment Income	1,489,869	41,001
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)
Administrative Expenses	(15,553)	(24,971)
Other	(1,279)	(1,233)
Net change in plan fiduciary net position	1,743,797	426,158
Plan fiduciary net position - beginning	<u>26,039,928</u>	<u>27,783,725</u>
Plan fiduciary net position - ending (b)	<u>27,783,725</u>	<u>28,209,883</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 6,167,257</u>	<u>\$ 7,985,786</u>
D. Plan fiduciary net position as a percentage of total pension liability	81.83%	77.94%
E. Covered payroll	\$ 7,537,242	\$ 7,762,515
F. Net position liability as a percentage of covered payroll	81.82%	102.88%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

2016	2017	2018	2019	2020	2021
\$ 1,339,522	\$ 1,343,239	\$ 1,452,692	\$ 1,523,720	\$ 1,719,086	\$ 1,741,438
2,440,411	2,595,907	2,722,499	2,880,002	3,113,819	3,425,228
(7,656)	(399,213)	(122,510)	466,289	1,704,414	834,017
-	-	-	148,698	-	-
(1,422,391)	(1,518,579)	(1,919,859)	(1,589,800)	(1,715,059)	(2,155,005)
2,349,886	2,021,354	2,132,822	3,428,909	4,822,260	3,845,678
<u>36,195,669</u>	<u>38,545,555</u>	<u>40,566,909</u>	<u>42,699,731</u>	<u>46,128,640</u>	<u>50,950,900</u>
<u>38,545,555</u>	<u>40,566,909</u>	<u>42,699,731</u>	<u>46,128,640</u>	<u>50,950,900</u>	<u>54,796,578</u>
1,192,079	1,251,745	1,377,130	1,447,489	1,690,765	1,676,698
548,984	552,124	597,017	627,783	773,773	742,524
1,906,944	4,216,502	(1,045,637)	5,240,512	3,005,625	5,650,637
(1,422,391)	(1,518,579)	(1,919,859)	(1,589,800)	(1,715,059)	(2,155,005)
(21,531)	(21,845)	(20,200)	(29,595)	(19,438)	(26,124)
(1,160)	(1,107)	(1,055)	(891)	(757)	179
2,202,925	4,478,840	(1,012,604)	5,695,498	3,734,909	5,888,909
<u>28,209,883</u>	<u>30,412,808</u>	<u>34,891,648</u>	<u>33,879,044</u>	<u>39,574,542</u>	<u>43,309,451</u>
<u>30,412,808</u>	<u>34,891,648</u>	<u>33,879,044</u>	<u>39,574,542</u>	<u>43,309,451</u>	<u>49,198,360</u>
\$ <u>8,132,747</u>	\$ <u>5,675,261</u>	\$ <u>8,820,687</u>	\$ <u>6,554,098</u>	\$ <u>7,641,449</u>	\$ <u>5,598,218</u>
78.90%	86.01%	79.34%	85.79%	85.00%	89.78%
\$ 7,842,632	\$ 7,887,489	\$ 8,530,196	\$ 8,968,332	\$ 10,190,197	\$ 10,310,469
103.70%	71.95%	103.41%	73.08%	74.99%	54.30%

CITY OF GRANBURY, TEXAS

SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ended September 30,	<u>2014</u>	<u>2015</u>
Actuarial determined contribution	\$ <u>1,205,557</u>	\$ <u>1,207,638</u>
Contributions in relation to the actuarially determined contribution	\$ <u>1,205,557</u>	\$ <u>1,207,638</u>
Contribution deficiency (excess)	-	-
Covered payroll	7,503,874	7,682,345
Contributions as a percentage of covered payroll	16.07%	15.72%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes 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	24 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% 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:

Notes There were no benefit changes during the year.

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

2016	2017	2018	2019	2020	2021	2022
\$ <u>1,239,090</u>	\$ <u>1,232,864</u>	\$ <u>1,358,868</u>	\$ <u>1,399,802</u>	\$ <u>1,519,196</u>	\$ <u>1,606,012</u>	\$ <u>1,868,132</u>
\$ <u>1,239,090</u>	\$ <u>1,232,864</u>	\$ <u>1,358,868</u>	\$ <u>1,411,069</u>	\$ <u>1,558,992</u>	\$ <u>1,633,907</u>	\$ <u>1,868,132</u>
-	-	-	(11,267)	(39,796)	(27,895)	-
8,099,664	7,824,858	8,427,131	8,742,684	9,650,118	10,133,254	11,339,077
15.30%	15.76%	16.12%	16.14%	16.16%	16.12%	16.48%

CITY OF GRANBURY, TEXAS

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>2014</u>	<u>2015</u>
Proportion of the Net Pension Liability/ (Asset)	0.01120	.01138
Proportionate Share of the Net Pension Liability/ (Asset)	\$ 203,522	\$ 303,761
State's Proportionate Share of the Net Pension Liability/ (Asset) Associated with the City	<u>103,860</u>	<u>161,172</u>
Total	<u>\$ 307,382</u>	<u>\$ 464,933</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.46%	76.89%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

2016	2017	2018	2019	2020	2021
0.01183	.01308	.01231	.01277	0.01461	.01607
\$ 344,585	\$ 313,942	\$ 266,517	\$ 361,973	\$ 368,331	\$ 172,176
<u>182,011</u>	<u>152,898</u>	<u>102,409</u>	<u>152,666</u>	<u>146,838</u>	<u>146,838</u>
\$ <u>526,596</u>	\$ <u>466,840</u>	\$ <u>368,926</u>	\$ <u>514,639</u>	\$ <u>515,169</u>	\$ <u>319,014</u>
76.34%	81.41%	84.26%	80.25%	83.24%	93.10%

CITY OF GRANBURY, TEXAS

SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 50,715	\$ 53,760
Contributions in relation to the contractually required contribution	<u>50,715</u>	<u>53,760</u>
Contribution deficiency/ (excess)	\$ <u>-</u>	\$ <u>-</u>

2016	2017	2018	2019	2020	2021	2022
\$ 54,180	\$ 63,280	\$ 57,820	\$ 58,380	\$ 68,110	\$ 77,140	\$ 71,820
<u>54,180</u>	<u>63,280</u>	<u>57,820</u>	<u>58,380</u>	<u>68,110</u>	<u>77,140</u>	<u>71,820</u>
\$ <u>-</u>						

CITY OF GRANBURY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
A. Total OPEB liability					
Service Cost	\$ 21,296	\$ 25,591	\$ 21,524	\$ 33,628	\$ 37,118
Interest (on the Total OPEB Liability)	15,035	15,561	17,624	16,715	14,753
Difference between expected and actual experience	-	4,522	(3,485)	(10,813)	(20,066)
Changes of assumptions	37,184	(34,777)	95,840	98,313	24,072
Benefit payments, including refunds of employee contributions	<u>(3,155)</u>	<u>(3,412)</u>	<u>(4,484)</u>	<u>(5,095)</u>	<u>(14,435)</u>
Net change in Total OPEB liability	70,360	7,485	127,019	132,748	41,442
Total OPEB liability - beginning	<u>388,678</u>	<u>459,038</u>	<u>466,523</u>	<u>593,542</u>	<u>726,290</u>
Total OPEB liability - ending (a)	<u>\$ 459,038</u>	<u>\$ 466,523</u>	<u>\$ 593,542</u>	<u>\$ 726,290</u>	<u>\$ 767,732</u>
B. Covered-employee payroll	\$ 7,887,489	\$ 8,530,196	\$ 8,968,332	\$ 10,190,197	\$ 10,310,469
C. Total OPEB liability as a percentage of covered-employee payroll					
	5.82%	5.47%	6.62%	7.13%	7.45%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

CITY OF GRANBURY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Formal budgetary integration is employed as a management control device during the year for the general, special revenue, debt service and enterprise funds.
- b. Budgetary data for the capital projects fund has not been presented in the accompanying financial statements because such funds are budgeted over the life of the respective projects and not on an annual basis.
- c. Unencumbered appropriations for annually budgeted funds lapse at year end.
- d. Prior to August 1 of each year, the City Manager submits the proposed budget for the following fiscal year to the City Council. From the date of its submission the budget is public record. The City Council shall hold public hearings on the proposed budget. Notices of the public hearings are published at least ten days before the date of the hearings. After the public hearings the Council may make any changes they feel appropriate and shall adopt the budget at least twenty days prior to the beginning of the next fiscal year. Should the Council take no action on or prior to such day, the budget, as submitted, shall be deemed to have been adopted by the Council.
- e. The budget is prepared by fund, function, department, and class. The City's department heads are authorized to make budget transfers of \$5,000 or less with the approval of the Director of Finance. Transfers of greater than \$5,000 must be authorized by the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Budget to GAAP Differences

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes but are reported in the year the equipment and supplies are received for GAAP purposes.

Excess of Expenditures over Appropriations

In the General Fund, expenditures exceed appropriation in the following categories: building maintenance \$1,134, Granbury broadcasting services \$11, parks \$62,124 and debt service principal \$27,421.

In the Tourism Fund, expenditures exceeded appropriations in the principal category by \$23,424.

In the Granbury Historic Properties Fund, expenditures exceed appropriation in the following categories: general government \$27,103, principal \$138,394 and interest and fiscal charges \$9,077.

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than major capital projects or Proprietary Funds) that are legally restricted to expenditures for specified purpose.

Tourism Fund – To account for financial resources to be used for the expenditures related to Tourism, the Conference Center, Langdon Center, and the Opera House.

Granbury Historic Properties Corporation – A blended component unit created to assist the City in acquisition/control of historical properties deemed important to the growth and development of the City.

CITY OF GRANBURY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue		Total Nonmajor Governmental Funds
	Tourism	Granbury Historic Properties	
ASSETS			
Cash and equivalents	\$ 852,936	\$ 353,278	\$ 1,206,214
Leases	100,864	-	100,864
Miscellaneous receivables, net	107,243	-	107,243
Inventories	5,357	-	5,357
Prepaid items	29,005	-	29,005
Total assets	1,095,405	353,278	1,448,683
LIABILITIES			
Accounts payable	64,957	-	64,957
Accrued liabilities	10,887	-	10,887
Customer deposits	500	-	500
Unearned revenue	24,263	-	24,263
Total liabilities	100,607	-	100,607
DEFERRED INFLOWS			
Related to leases	100,726	-	100,726
Total deferred inflows	100,726	-	100,726
FUND BALANCES			
Nonspendable:			
Inventories	5,357	-	5,357
Prepaid items	29,005	-	29,005
Restricted:			
Tourism	859,710	-	859,710
Committed:			
Culture and recreation	-	353,278	353,278
Total fund balances	894,072	353,278	1,247,350
Total liabilities and fund balances	\$ 994,679	\$ 353,278	\$ 1,347,957

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds		Total
	Tourism	Granbury Historic Properties	Nonmajor Governmental Funds
REVENUES			
Hotel/motel taxes	\$ 1,132,517	\$ -	\$ 1,132,517
Charges for services	500,466	-	500,466
Investment earnings	5,342	545	5,887
Miscellaneous	4,023	401,000	405,023
Total revenues	1,642,348	401,545	2,043,893
EXPENDITURES			
Current:			
General government	-	27,103	27,103
Tourism	959,878	-	959,878
Conference center	801,855	-	801,855
Debt service:			
Principal	23,424	178,394	201,818
Interest and fiscal charges	-	9,077	9,077
Total expenditures	1,785,157	214,574	1,999,731
Excess (Deficiency) of Revenue Over Expenditures	(142,809)	186,971	44,162
OTHER FINANCING SOURCES (USES)			
Transfer in	544,714	40,000	584,714
Total other financing sources (uses)	544,714	40,000	584,714
NET CHANGE IN FUND BALANCES	401,905	226,971	628,876
FUND BALANCES, BEGINNING	492,167	126,307	618,474
FUND BALANCES, ENDING	\$ 894,072	\$ 353,278	\$ 1,247,350

CITY OF GRANBURY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANBURY HISTORIC PROPERTIES - SPECIAL REVENUE FUND

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment Budget Basis	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Investment earnings	\$ -	\$ -	\$ 545	\$ -	\$ 545	\$ 545
Miscellaneous	-	-	401,000	-	401,000	401,000
Total revenues	-	-	401,545	-	401,545	401,545
EXPENDITURES						
Current:						
General government	-	-	27,103	-	27,103	(27,103)
Debt service:						
Principal	40,000	40,000	178,394	-	178,394	(138,394)
Interest and fiscal charges	-	-	9,077	-	9,077	(9,077)
Total expenditures	40,000	40,000	214,574	-	214,574	(174,574)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,000)</u>	<u>(40,000)</u>	<u>186,971</u>	<u>-</u>	<u>186,971</u>	<u>576,119</u>
OTHER FINANCING SOURCES						
Transfers in	40,000	40,000	40,000	-	40,000	-
Total other financing sources	40,000	40,000	40,000	-	40,000	-
NET CHANGE IN FUND BALANCE	-	-	226,971	-	226,971	576,119
FUND BALANCE, BEGINNING	<u>126,307</u>	<u>126,307</u>	<u>126,307</u>	<u>-</u>	<u>126,307</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 126,307</u>	<u>\$ 126,307</u>	<u>\$ 353,278</u>	<u>\$ -</u>	<u>\$ 353,278</u>	<u>\$ 576,119</u>

CITY OF GRANBURY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TOURISM FUND - SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustment	Actual Amounts	Variance with
	Original	Final	Amounts GAAP Basis	Budget Basis	Budgetary Basis	Final Budget Positive (Negative)
REVENUES						
Hotel/ Motel Occupancy Tax	\$ 810,000	\$ 868,520	\$ 1,132,517	\$ -	\$ 1,132,517	\$ 263,997
Charges for services	331,000	431,000	500,466	-	500,466	69,466
Investment earnings	-	-	5,342	-	5,342	5,342
Miscellaneous	5,000	8,400	4,023	-	4,023	(4,377)
Total revenues	<u>1,146,000</u>	<u>1,307,920</u>	<u>1,642,348</u>	<u>-</u>	<u>1,642,348</u>	<u>334,428</u>
EXPENDITURES						
Current:						
Tourism	942,139	1,008,773	959,878	(17,556)	942,322	66,451
Conference Center	743,861	843,861	801,855	6,837	808,692	35,169
Debt service:						
Principal	-	-	23,424	-	23,424	(23,424)
Total expenditures	<u>1,686,000</u>	<u>1,852,634</u>	<u>1,785,157</u>	<u>(10,719)</u>	<u>1,774,438</u>	<u>78,196</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(540,000)</u>	<u>(544,714)</u>	<u>(142,809)</u>	<u>10,719</u>	<u>(132,090)</u>	<u>256,232</u>
OTHER FINANCING SOURCES						
Transfers in	540,000	544,714	544,714	-	-	544,714
Total other financing sources	<u>540,000</u>	<u>544,714</u>	<u>544,714</u>	<u>-</u>	<u>-</u>	<u>544,714</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,719</u>	<u>(132,090)</u>	<u>(132,090)</u>
FUND BALANCE, BEGINNING	<u>492,167</u>	<u>492,167</u>	<u>492,167</u>	<u>-</u>	<u>492,167</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 492,167</u>	<u>\$ 492,167</u>	<u>\$ 894,072</u>	<u>\$ 10,719</u>	<u>\$ 360,077</u>	<u>\$ 800,946</u>

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustment	Actual Amounts	Variance with
	Original	Final	Amounts GAAP Basis	Budget Basis	Budgetary Basis	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Property taxes	\$ 3,963,805	\$ 3,963,805	\$ 4,010,875	\$ -	\$ 4,010,875	\$ 47,070
Investment earnings	-	-	104,195	-	104,195	104,195
Total revenues	<u>3,963,805</u>	<u>3,963,805</u>	<u>4,115,070</u>	<u>-</u>	<u>4,115,070</u>	<u>151,265</u>
EXPENDITURES						
Debt service:						
Principal	4,639,000	4,639,000	2,950,147	-	2,950,147	1,688,853
Interest and other charges	<u>4,158,137</u>	<u>4,156,087</u>	<u>1,426,954</u>	<u>-</u>	<u>1,426,954</u>	<u>2,729,133</u>
Total expenditures	<u>8,797,137</u>	<u>8,795,087</u>	<u>4,377,101</u>	<u>-</u>	<u>4,377,101</u>	<u>4,417,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,833,332)</u>	<u>(4,831,282)</u>	<u>(262,031)</u>	<u>-</u>	<u>(262,031)</u>	<u>(4,266,721)</u>
OTHER FINANCING SOURCES						
Transfers in	<u>4,633,332</u>	<u>4,633,332</u>	<u>216,709</u>	<u>-</u>	<u>216,709</u>	<u>4,416,623</u>
Total other financing sources	<u>4,633,332</u>	<u>4,633,332</u>	<u>216,709</u>	<u>-</u>	<u>216,709</u>	<u>4,416,623</u>
NET CHANGE IN FUND BALANCE	<u>(200,000)</u>	<u>(197,950)</u>	<u>(45,322)</u>	<u>-</u>	<u>(45,322)</u>	<u>149,902</u>
FUND BALANCE, BEGINNING	<u>763,092</u>	<u>763,092</u>	<u>763,092</u>	<u>-</u>	<u>763,092</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 563,092</u>	<u>\$ 565,142</u>	<u>\$ 717,770</u>	<u>\$ -</u>	<u>\$ 717,770</u>	<u>\$ 149,902</u>

STATISTICAL SECTION

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FINANCIAL TRENDS

CITY OF GRANBURY, TEXAS

**NET POSITION BY COMPONENT
(UNAUDITED)**

**LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 23,852,148	\$ 26,045,119	\$ 21,537,158	\$ 15,439,007
Restricted	433,837	682,251	683,036	518,032
Unrestricted	<u>5,920,347</u>	<u>4,551,589</u>	<u>2,151,316</u>	<u>2,916,432</u>
Total governmental activities net position	<u>\$ 30,206,332</u>	<u>\$ 31,278,959</u>	<u>\$ 24,371,510</u>	<u>\$ 18,873,471</u>
Business-type activities:				
Net investment in capital assets	\$ 18,832,307	\$ 19,645,350	\$ 24,172,309	\$ 31,227,763
Restricted	2,228,897	2,135,756	2,302,058	2,152,889
Unrestricted	<u>4,803,939</u>	<u>5,133,124</u>	<u>4,035,059</u>	<u>3,273,513</u>
Total business-type activities net position	<u>\$ 25,865,143</u>	<u>\$ 26,914,230</u>	<u>\$ 30,509,426</u>	<u>\$ 36,654,165</u>
Primary government:				
Net investment in capital assets	\$ 42,684,455	\$ 45,690,469	\$ 45,709,467	\$ 46,666,770
Restricted	2,662,734	2,818,007	2,985,094	2,670,921
Unrestricted	<u>10,724,286</u>	<u>9,684,713</u>	<u>6,186,375</u>	<u>6,189,945</u>
Total primary government net position	<u>\$ 56,071,475</u>	<u>\$ 58,193,189</u>	<u>\$ 54,880,936</u>	<u>\$ 55,527,636</u>

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 18,930,751	\$ 19,202,230	\$ 31,815,661	\$ 33,781,453	\$ 34,421,488	\$ 37,720,563
741,433	2,265,469	1,709,417	1,206,172	1,816,168	1,995,503
<u>3,782,128</u>	<u>5,053,503</u>	<u>6,180,568</u>	<u>7,996,363</u>	<u>11,180,895</u>	<u>14,460,125</u>
\$ <u>23,454,312</u>	\$ <u>26,521,202</u>	\$ <u>39,705,646</u>	\$ <u>42,983,988</u>	\$ <u>47,418,551</u>	\$ <u>54,176,191</u>
\$ 32,950,860	\$ 36,316,597	\$ 44,739,831	\$ 51,307,687	\$ 48,728,106	\$ 55,444,541
1,916,636	1,775,724	1,946,516	2,602,446	3,254,034	3,508,305
<u>8,324,280</u>	<u>10,243,043</u>	<u>10,857,838</u>	<u>14,770,540</u>	<u>15,209,352</u>	<u>14,466,622</u>
\$ <u>43,191,776</u>	\$ <u>48,335,364</u>	\$ <u>57,544,185</u>	\$ <u>68,680,673</u>	\$ <u>67,191,492</u>	\$ <u>73,419,468</u>
\$ 51,881,611	\$ 55,518,827	\$ 76,555,492	\$ 85,089,140	\$ 83,149,594	\$ 93,165,104
2,658,069	4,041,193	3,655,933	3,808,618	5,070,202	5,503,808
<u>12,106,408</u>	<u>15,296,546</u>	<u>17,038,406</u>	<u>22,766,903</u>	<u>26,390,247</u>	<u>28,926,747</u>
\$ <u>66,646,088</u>	\$ <u>74,856,566</u>	\$ <u>97,249,831</u>	\$ <u>111,664,661</u>	\$ <u>114,610,043</u>	\$ <u>127,595,659</u>

CITY OF GRANBURY, TEXAS

CHANGES IN NET POSITION
(UNAUDITED)

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
EXPENSES				
Governmental activities				
General government and administration	\$ 3,910,972	\$ 4,105,938	\$ 4,952,657	\$ 5,157,740
Community development	638,669	431,114	436,091	576,517
Clean air coalition	-	-	147,426	107,164
Public safety	4,029,148	4,167,610	4,181,858	4,568,792
Highways and streets	2,003,812	2,123,431	1,991,264	1,974,197
Culture and recreation	2,000,810	2,274,039	2,048,587	2,134,237
Tourism	1,281,171	990,605	1,413,290	1,470,289
Conference Center	689,392	667,948	635,391	797,778
Interest on long-term debt	1,071,451	885,592	992,957	1,208,731
Total governmental activities expenses	<u>15,625,425</u>	<u>15,646,277</u>	<u>16,799,521</u>	<u>17,995,445</u>
Business-type activities:				
Airport	1,029,054	1,121,761	1,011,149	928,078
Economic Development	86,000	86,000	-	-
Municipal utilities	17,920,361	18,828,482	18,705,520	19,187,348
Total business-type activities expenses	<u>19,035,415</u>	<u>20,036,243</u>	<u>19,716,669</u>	<u>20,115,426</u>
Total primary government expenses	<u>\$ 34,660,840</u>	<u>\$ 35,682,520</u>	<u>\$ 36,516,190</u>	<u>\$ 38,110,871</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 86,567	\$ 129,325	\$ 93,531	\$ 95,124
Community development	587,879	552,552	659,348	636,114
Public safety	204,638	159,187	158,452	250,188
Culture and recreation	133,211	165,724	139,163	162,674
Tourism	60,550	131,428	134,441	119,338
Conference Center	368,850	296,814	373,481	475,866
Operating grants and contributions	197,729	772,777	476,781	414,078
Capital grants and contributions	12,916	821,184	503,633	173,761
Total governmental activities program revenues	<u>1,652,340</u>	<u>3,028,991</u>	<u>2,538,830</u>	<u>2,327,143</u>
Business-type activities				
Charges for services				
Water and Wastewater	\$ 7,245,760	\$ 8,179,989	\$ 8,390,222	\$ 8,760,445
Electric	11,368,958	11,371,262	11,329,466	11,012,050
Airport	801,785	854,860	779,968	706,142
Operating grants and contributions	-	-	12,250	390,151
Capital grants and contributions	525,911	806,241	732,847	334,048
Total business-type activities program revenues	<u>19,942,414</u>	<u>21,212,352</u>	<u>21,244,753</u>	<u>21,202,836</u>
Total primary government program revenues	<u>\$ 21,594,754</u>	<u>\$ 24,241,343</u>	<u>\$ 23,783,583</u>	<u>\$ 23,529,979</u>

TABLE 2

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	5,277,053	\$	4,962,329	\$	5,456,209	\$	5,684,189	\$	5,429,694	\$	6,081,245
	570,259		515,406		636,114		514,704		485,474		539,961
	191,163		83,030		80,002		94,299		218,969		130,162
	4,861,240		5,220,008		5,723,779		6,543,413		6,506,659		6,785,090
	2,071,754		2,307,570		2,328,881		2,944,273		2,749,801		3,122,827
	2,111,405		2,292,525		2,319,057		2,437,891		2,434,407		2,585,383
	1,516,439		1,458,865		1,318,801		1,454,339		1,690,936		1,549,990
	747,513		720,418		846,809		601,806		545,491		793,202
	962,776		904,937		939,641		1,442,092		1,288,860		1,984,290
	<u>18,309,602</u>		<u>18,465,088</u>		<u>19,649,293</u>		<u>21,717,006</u>		<u>21,350,291</u>		<u>23,572,150</u>
	816,103		813,608		747,801		710,446		787,067		1,127,664
	-		100,000		-		-		-		-
	<u>18,997,394</u>		<u>16,352,116</u>		<u>18,363,871</u>		<u>19,057,773</u>		<u>23,932,360</u>		<u>21,115,098</u>
	<u>19,813,497</u>		<u>17,265,724</u>		<u>19,111,672</u>		<u>19,768,219</u>		<u>24,719,427</u>		<u>22,242,762</u>
\$	<u>38,123,099</u>	\$	<u>35,730,812</u>	\$	<u>38,760,965</u>	\$	<u>41,485,225</u>	\$	<u>46,069,718</u>	\$	<u>45,814,912</u>
\$	87,600	\$	83,343	\$	79,128	\$	71,409	\$	7,500	\$	2,054,372
	725,408		1,048,631		748,866		1,077,338		1,523,893		799,464
	229,807		198,202		234,994		230,208		294,521		211,106
	177,062		330,589		249,441		117,190		210,664		210,834
	129,803		132,234		90,603		68,746		148,432		182,509
	486,511		496,135		418,892		240,660		258,133		418,683
	349,489		231,094		206,104		776,832		283,930		91,460
	<u>3,719,258</u>		<u>782,295</u>		<u>10,866,405</u>		<u>5,463,020</u>		<u>281,067</u>		<u>1,909,693</u>
	<u>5,904,938</u>		<u>3,302,523</u>		<u>12,894,433</u>		<u>8,045,403</u>		<u>3,008,140</u>		<u>5,878,121</u>
\$	9,549,632	\$	10,599,523	\$	11,088,259	\$	12,779,481	\$	12,567,645		13,702,324
	11,426,686		11,500,530		11,113,191		10,836,338		10,883,526		12,103,336
	783,772		780,692		785,472		781,647		936,279		1,233,959
	265,558		28,946		106,608		43,159		-		-
	<u>4,659,668</u>		<u>574,512</u>		<u>5,529,654</u>		<u>3,237,290</u>		<u>455,142</u>		<u>1,420,387</u>
	<u>26,685,316</u>		<u>23,484,203</u>		<u>28,623,184</u>		<u>27,677,915</u>		<u>24,842,592</u>		<u>28,460,006</u>
\$	<u>32,590,254</u>	\$	<u>26,786,726</u>	\$	<u>41,517,617</u>	\$	<u>35,723,318</u>	\$	<u>27,850,732</u>	\$	<u>34,338,127</u>

CITY OF GRANBURY, TEXAS

CHANGES IN NET POSITION
(Continued)

LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
NET (EXPENSE) REVENUES				
Governmental activities	\$ (13,973,085)	\$ (12,617,286)	\$ (14,260,691)	\$ (15,668,302)
Business-type activities	<u>906,999</u>	<u>1,176,109</u>	<u>1,528,084</u>	<u>1,087,410</u>
Total primary government net expense	\$ (<u>13,066,086</u>)	\$ (<u>11,441,177</u>)	\$ (<u>12,732,607</u>)	\$ (<u>14,580,892</u>)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	\$ 4,305,186	\$ 4,404,767	\$ 4,574,859	\$ 4,933,982
Sales	6,463,449	6,632,629	7,232,245	7,593,985
Other	2,046,009	2,160,645	2,295,658	2,287,719
Miscellaneous	435,688	317,355	359,722	318,904
Investment earnings	58,025	27,754	31,670	47,046
Gain on sale of capital assets	-	-	-	-
Transfers	<u>275,804</u>	<u>146,763</u>	<u>(2,781,257)</u>	<u>(5,011,373)</u>
Total governmental activities	<u>13,584,161</u>	<u>13,689,913</u>	<u>11,712,897</u>	<u>10,170,263</u>
Business-type activities:				
Investment earnings	32,891	20,942	15,367	45,956
Gain on sale of capital assets	-	-	-	-
Miscellaneous	-	-	-	-
Extraordinary item	-	-	499,448	-
Transfers	<u>(275,804)</u>	<u>(147,964)</u>	<u>2,781,257</u>	<u>5,011,373</u>
Total business-type activities	<u>(242,913)</u>	<u>(127,022)</u>	<u>3,296,072</u>	<u>5,057,329</u>
Total primary government	\$ <u>13,341,248</u>	\$ <u>13,562,891</u>	\$ <u>15,008,969</u>	\$ <u>15,227,592</u>
CHANGE IN NET POSITION				
Governmental activities	\$ (388,924)	\$ 1,072,627	\$ (2,547,794)	\$ (5,498,039)
Business-type activities	<u>664,086</u>	<u>1,049,087</u>	<u>4,824,156</u>	<u>6,144,739</u>
Total primary government	\$ <u>275,162</u>	\$ <u>2,121,714</u>	\$ <u>2,276,362</u>	\$ <u>646,700</u>

Prior to 2006, governmental activities charges for services revenue is not available by function.

TABLE 2

		Fiscal Year					
		2017	2018	2019	2020	2021	2022
		\$(12,404,664)	\$(15,162,565)	\$(6,754,860)	\$(13,671,603)	\$(18,342,151)	\$(17,694,029)
		<u>6,871,819</u>	<u>6,218,479</u>	<u>9,511,512</u>	<u>7,909,696</u>	<u>123,165</u>	<u>6,217,244</u>
		\$(<u>5,532,845</u>)	\$(<u>8,944,086</u>)	\$ <u>2,756,652</u>	\$(<u>5,761,907</u>)	\$(<u>18,218,986</u>)	(<u>11,476,785</u>)
		\$ 5,421,753	\$ 5,611,150	\$ 5,915,411	\$ 6,373,269	\$ 6,691,693	7,016,003
		8,083,300	8,534,403	9,096,824	9,568,220	10,739,878	12,079,455
		2,442,810	2,444,890	2,656,633	2,902,370	3,151,913	3,624,146
		457,809	419,209	269,720	222,929	295,800	848,471
		112,960	270,434	435,829	304,361	83,838	485,130
		-	-	-	-	-	72,366
		<u>466,873</u>	<u>1,247,706</u>	<u>1,564,887</u>	(<u>2,421,204</u>)	<u>1,813,592</u>	<u>326,098</u>
		<u>16,985,505</u>	<u>18,527,792</u>	<u>19,939,304</u>	<u>16,949,945</u>	<u>22,776,714</u>	<u>24,451,669</u>
		121,918	254,147	1,233,772	799,876	130,330	161,105
		-	-	-	-	-	4,841
		10,747	9,010	28,424	5,712	70,916	170,884
		-	-	-	-	-	-
		(<u>466,873</u>)	(<u>1,247,706</u>)	(<u>1,564,887</u>)	<u>2,421,204</u>	(<u>1,813,592</u>)	(<u>326,098</u>)
		(<u>334,208</u>)	(<u>984,549</u>)	(<u>302,691</u>)	<u>3,226,792</u>	(<u>1,612,346</u>)	<u>10,732</u>
		\$ <u>16,651,297</u>	\$ <u>17,543,243</u>	\$ <u>19,636,613</u>	\$ <u>20,176,737</u>	\$ <u>21,164,368</u>	\$ <u>24,462,401</u>
		\$ 4,580,841	\$ 3,365,227	\$ 13,184,444	\$ 3,278,342	\$ 4,434,563	\$ 6,757,640
		<u>6,537,611</u>	<u>5,233,930</u>	<u>9,208,821</u>	<u>11,136,488</u>	(<u>1,489,181</u>)	<u>6,227,976</u>
		\$ <u>11,118,452</u>	\$ <u>8,599,157</u>	\$ <u>22,393,265</u>	\$ <u>14,414,830</u>	\$ <u>2,945,382</u>	\$ <u>12,985,616</u>

CITY OF GRANBURY, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable	\$ 908,067	\$ 947,407	\$ 619,482	\$ 511,494
Restricted	209,188	556,739	497,395	471,552
Committed	249,475	15,746	270,982	231,344
Assigned	140,163	55,131	44,238	43,938
Unassigned	<u>4,005,826</u>	<u>2,860,905</u>	<u>3,798,559</u>	<u>4,785,111</u>
Total general fund	\$ <u>5,512,719</u>	\$ <u>4,435,928</u>	\$ <u>5,230,656</u>	\$ <u>6,043,439</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 5,800
Restricted	5,272,778	4,446,333	1,774,344	5,663,282
Committed	214,379	111,500	107,088	111,495
Unassigned	<u>(544,810)</u>	<u>(447,076)</u>	<u>(217,378)</u>	<u>(103,786)</u>
Total all other governmental funds	\$ <u>4,942,347</u>	\$ <u>4,110,757</u>	\$ <u>1,664,054</u>	\$ <u>5,676,791</u>

TABLE 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 159,055	\$ 161,818	\$ 152,253	\$ 149,861	\$ 130,693	\$ 170,064
472,999	1,636,077	793,336	664,323	724,271	786,107
301,256	422,419	775,084	684,500	2,539,162	1,527,338
51,026	101,501	162,602	174,637	197,026	212,471
<u>6,223,898</u>	<u>7,658,716</u>	<u>8,688,187</u>	<u>9,878,471</u>	<u>11,777,670</u>	<u>14,767,225</u>
<u>\$ 7,208,234</u>	<u>\$ 9,980,531</u>	<u>\$ 10,571,462</u>	<u>\$ 11,551,792</u>	<u>\$ 15,368,822</u>	<u>\$ 17,463,205</u>
\$ 5,040	\$ 17,078	\$ 17,342	\$ 18,934	\$ 28,529	34,362
4,191,174	4,372,480	6,097,697	20,198,385	14,354,120	53,017,111
115,579	120,053	123,291	124,861	126,307	353,278
<u>(18,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,292,831</u>	<u>\$ 4,509,611</u>	<u>\$ 6,238,330</u>	<u>\$ 20,342,180</u>	<u>\$ 14,508,956</u>	<u>\$ 53,404,751</u>

CITY OF GRANBURY, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Taxes	\$ 12,792,390	\$ 13,146,849	\$ 13,994,697	\$ 14,872,298
Licenses and permits	561,786	595,351	703,918	613,565
Fines and fees	184,388	149,611	190,154	225,259
Charges for services	464,000	406,679	496,838	672,307
Intergovernmental	197,729	267,614	858,629	582,339
Park and recreation	-	-	-	-
Investment earnings	58,025	27,732	31,670	47,046
Other revenues	666,348	1,127,908	541,213	494,225
Total revenues	<u>14,924,666</u>	<u>15,721,744</u>	<u>16,817,119</u>	<u>17,507,039</u>
EXPENDITURES				
General government	\$ 3,636,842	\$ 3,840,821	4,745,797	4,905,160
Police	3,847,599	3,731,731	3,867,902	3,896,217
Fire	384,889	354,000	1,255,424	404,201
Streets	421,448	562,719	534,995	528,257
Building and permits	408,090	547,800	578,796	447,070
Parks recreation	1,479,716	1,762,250	2,114,803	1,795,998
Tourism	953,968	2,507,455	797,357	780,866
Conference Center	677,325	682,689	644,068	835,599
Capital projects	2,410,505	811,717	1,107,772	861,287
Other	740,144	486,545	672,887	891,118
Debt service:				
Interest	1,011,534	912,346	712,289	713,451
Principa	1,985,029	2,030,855	2,350,470	2,220,965
Bond issuance costs	119,333	-	297,604	373,502
Total expenditures	<u>18,076,422</u>	<u>18,230,928</u>	<u>19,680,164</u>	<u>18,653,691</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,151,756)</u>	<u>(2,509,184)</u>	<u>(2,863,045)</u>	<u>(1,146,652)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from borrowing	\$ 214,208	\$ 452,839	\$ 3,919,383	\$ 10,250,850
Other resources	119,346	-	72,944	38,692
Leases issued	-	-	-	-
Transfers in	1,183,018	2,806,721	2,420,229	2,012,029
Transfers out	<u>(907,214)</u>	<u>(2,658,757)</u>	<u>(5,201,486)</u>	<u>(6,329,399)</u>
Total other financing sources (uses)	<u>609,358</u>	<u>600,803</u>	<u>1,211,070</u>	<u>5,972,172</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,542,398)</u>	<u>\$ (1,908,381)</u>	<u>\$ (1,651,975)</u>	<u>\$ 4,825,520</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>20.4%</u>	<u>19.6%</u>	<u>18.6%</u>	<u>17.4%</u>

TABLE 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 15,733,847	\$ 16,663,653	\$ 17,621,307	\$ 18,757,327	\$ 20,470,646	\$ 23,722,174
737,790	838,574	768,360	1,056,126	1,264,939	698,362
200,801	176,838	212,431	207,695	251,295	206,727
651,070	935,851	569,412	426,179	717,588	640,235
1,891,996	329,654	219,441	378,776	746,986	177,411
-	-	-	-	-	197,734
112,960	270,434	435,749	303,631	81,361	480,695
625,945	644,637	612,406	314,703	429,398	832,107
<u>19,954,409</u>	<u>19,859,641</u>	<u>20,439,106</u>	<u>21,444,437</u>	<u>23,962,213</u>	<u>26,955,445</u>
5,353,951	5,065,550	5,331,394	5,194,870	5,086,089	5,370,498
3,832,502	4,617,414	4,750,431	5,560,778	6,193,369	8,323,914
853,293	428,606	450,062	429,838	393,420	704,462
2,447,429	652,771	2,439,635	945,685	670,429	545,853
548,658	578,544	716,943	770,135	796,813	853,825
1,744,042	1,761,169	1,818,546	1,907,740	1,897,916	2,344,977
807,756	755,242	635,345	733,934	811,477	959,878
732,905	1,005,600	947,207	650,584	556,744	801,855
871,689	56,176	840,670	2,027,048	6,283,420	8,695,610
773,205	678,080	769,456	650,371	783,678	131,582
1,207,002	997,590	963,064	2,441,751	1,814,903	1,922,848
1,978,750	2,198,742	2,257,222	962,212	2,522,473	3,179,386
-	-	50,000	283,357	-	-
<u>21,151,182</u>	<u>18,795,484</u>	<u>21,969,975</u>	<u>22,558,303</u>	<u>27,810,731</u>	<u>33,834,688</u>
(1,196,773)	1,064,157	(1,530,869)	(1,113,866)	(3,848,518)	(6,879,243)
\$ 347,802	\$ 572,131	\$ 2,210,000	\$ 19,283,357	-	41,945,000
162,933	107,792	75,632	21,013	18,732	5,575,518
-	-	-	-	-	22,805
1,918,857	2,465,142	2,251,647	2,114,498	2,463,554	2,492,713
(1,451,984)	(1,220,145)	(686,760)	(5,220,822)	(649,962)	(2,166,615)
<u>977,608</u>	<u>1,924,920</u>	<u>3,850,519</u>	<u>16,198,046</u>	<u>1,832,324</u>	<u>47,869,421</u>
\$ (219,165)	\$ 2,989,077	\$ 2,319,650	\$ 15,084,180	\$ (2,016,194)	\$ 40,990,178
<u>18.7%</u>	<u>18.1%</u>	<u>17.8%</u>	<u>17.1%</u>	<u>20.9%</u>	<u>23.7%</u>

CITY OF GRANBURY, TEXAS

PRINCIPAL SOURCE OF REVENUE

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Principal General Government Revenue Sources				
Sales and Use Tax	\$ 6,440,471	\$ 6,599,573	\$ 7,151,484	\$ 7,624,373
Ad Valorem Tax	4,305,910	4,415,081	4,577,167	4,945,177
Franchise Taxes	692,784	731,411	790,557	747,865
Utility Fund Franchise Tax	812,300	843,618	849,286	857,990
Hotel Occupancy Tax	540,925	557,166	626,203	696,893
All Other Sources	<u>2,232,276</u>	<u>2,574,895</u>	<u>2,822,422</u>	<u>2,634,741</u>
Total General Government Revenue	\$ <u>15,024,666</u>	\$ <u>15,721,744</u>	\$ <u>16,817,119</u>	\$ <u>17,507,039</u>

Current and comparative ad valorem tax rates are shown on page 96.

Sales Tax is collected at point of purchase in the City of Granbury at a total rate of 8.25%. Of that total, 6.25% is State tax, .50% is County tax, and 1.5% is City tax.

Hotel Occupancy Tax is collected at a rate of 13%. Of that total, 6% is State tax and 7% is City tax.

Franchise Taxes are charged for business conducted in the City but for which no location is available for ad valorem tax. The tax as a percentage of revenue is set by contractual agreements.

Principal Enterprise Funds Revenue Sources

Electric Sales	\$ 11,145,165	\$ 11,056,172	\$ 10,993,672	\$ 10,638,496
Water Sales	4,778,739	5,314,357	5,472,711	5,756,374
Wastewater Revenue	2,048,432	2,394,387	2,440,580	2,512,036
All Other	<u>1,444,167</u>	<u>1,641,195</u>	<u>1,583,938</u>	<u>1,448,509</u>
Total Utility Fund Revenue	\$ <u>19,416,503</u>	\$ <u>20,406,111</u>	\$ <u>20,490,901</u>	\$ <u>20,355,415</u>

TABLE 5

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 7,926,229	\$ 8,600,566	\$ 9,055,290	\$ 9,456,937	\$ 10,619,179	\$ 12,079,455
5,394,768	5,619,520	5,936,937	6,374,562	6,691,693	7,016,003
777,796	770,024	940,453	942,341	928,339	1,010,887
897,679	944,219	843,855	1,330,332	1,307,388	1,480,742
737,375	729,324	844,772	653,155	924,047	1,132,517
<u>4,220,562</u>	<u>3,195,988</u>	<u>2,817,799</u>	<u>2,687,110</u>	<u>3,491,567</u>	<u>1,405,967</u>
\$ <u>19,954,409</u>	\$ <u>19,859,641</u>	\$ <u>20,439,106</u>	\$ <u>21,444,437</u>	\$ <u>23,962,213</u>	\$ <u>24,125,571</u>
\$ 11,138,774	\$ 11,217,517	\$ 10,786,134	\$ 10,606,264	\$ 10,664,958	\$ 12,103,336
6,180,897	7,044,556	7,323,070	8,402,021	7,985,129	9,641,675
2,775,382	2,991,968	3,150,767	3,405,181	3,521,516	4,060,649
<u>1,665,037</u>	<u>1,626,704</u>	<u>1,726,951</u>	<u>1,984,000</u>	<u>2,215,847</u>	<u>1,233,959</u>
\$ <u>21,760,090</u>	\$ <u>22,880,745</u>	\$ <u>22,986,922</u>	\$ <u>24,397,466</u>	\$ <u>24,387,450</u>	\$ <u>27,039,619</u>

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REVENUE CAPACITY

CITY OF GRANBURY

TABLE 6

ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN YEARS
(Unaudited)

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>	<u>Tax Rate per \$100 Valuation</u>
2012	2012-2013	\$ 1,079,701,929	\$ 7,336,330	\$ 1,087,038,259	0.39926
2013	2013-2014	1,112,336,147	1,130,170	1,113,466,317	0.39459
2014	2014-2015	1,134,944,921	9,396,360	1,144,341,281	0.39758
2015	2015-2016	1,226,352,986	16,077,980	1,242,430,966	0.39758
2016	2016-2017	1,351,002,968	22,416,360	1,373,419,328	0.39758
2017	2017-2018	1,404,144,825	9,376,260	1,413,521,085	0.39939
2018	2018-2019	1,488,205,565	5,174,380	1,493,379,945	0.39939
2019	2019-2020	1,632,761,134	6,047,610	1,638,808,744	0.39939
2020	2020-2021	1,733,527,799	7,939,840	1,741,467,639	0.39612
2021	2021-2022	1,867,152,326	4,900,170	1,872,052,496	0.38697

Source: Hood Central Appraisal District

Note: Property in the City is reassessed every other year. Property is assessed at actual value; therefore the assessed values are equal to actual values. Tax rates are per \$100 of assessed valuation.

CITY OF GRANBURY**TABLE 7**

PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 (Per \$100 of Assessed Value)

LAST TEN YEARS
 (Unaudited)

Tax Year	Fiscal Year	City of Granbury Tax Rate			Hood County	Granbury Independent School District
		Operations	Debt Repayment	City Total		
2012	2012-2013	0.14294	0.25632	0.39926	0.343908	1.14500
2013	2013-2014	0.15738	0.23721	0.39459	0.383908	1.14500
2014	2014-2015	0.15291	0.24468	0.39758	0.391697	1.26500
2015	2015-2016	0.18017	0.21741	0.39758	0.430882	1.26500
2016	2016-2017	0.18795	0.20963	0.39758	0.422230	1.25000
2017	2017-2018	0.19345	0.20593	0.39939	0.415744	1.21000
2018	2018-2019	0.20128	0.19811	0.39939	0.428018	1.19500
2019	2019-2020	0.19967	0.19972	0.39939	0.428018	1.12500
2020	2020-2021	0.16106	0.23506	0.39612	0.423777	1.11400
2021	2021-2022	0.16556	0.22140	0.38697	0.420345	1.08880

CITY OF GRANBURY

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS
(Unaudited)

Tax Year	Fiscal Year	Original Levy	Subsequent Adjustments	Total Levy	Collected within the Fiscal Year of Levy	
					Current Tax Collections	Percent of Total Levy Collected
2012	2012-2013	\$ 4,294,424	\$(41,732)	\$ 4,252,692	\$ 4,194,524	98.6322%
2013	2013-2014	4,361,775	(12,868)	4,348,907	4,315,859	99.2401%
2014	2014-2015	4,518,300	(4,350)	4,513,951	4,480,950	99.2689%
2015	2015-2016	4,906,608	(5,091)	4,901,517	4,870,281	99.3627%
2016	2016-2017	5,417,381	(14,085)	5,403,296	5,345,137	98.9236%
2017	2017-2018	5,576,464	(14,693)	5,561,771	5,516,861	99.1925%
2018	2018-2019	5,853,856	(10,829)	5,843,026	5,820,894	99.6212%
2019	2019-2020	6,375,855	(33,128)	6,342,727	6,309,569	99.4772%
2020	2020-2021	6,684,541	(55,618)	6,628,923	6,606,395	99.6601%
2021	2021-2022	6,971,640	(40,047)	6,931,594	6,905,432	99.6226%

Source: Hood Central Appraisal District

TABLE 8

Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy
	Total Tax Collections	Total Collections as a Percent of Total Levy		
\$ 54,039	\$ 4,248,563	99.9029%	\$ 4,129	0.0971%
28,685	4,344,544	99.8997%	4,363	0.1003%
28,957	4,509,907	99.9104%	4,043	0.0896%
27,049	4,897,330	99.9146%	4,187	0.0854%
53,814	5,398,950	99.9196%	4,346	0.0804%
42,701	5,559,562	99.9603%	2,209	0.0397%
23,279	5,844,173	100.0196%	(1,146)	-0.0196%
20,232	6,329,801	99.7962%	12,926	0.2038%
10,941	6,617,336	99.8252%	11,588	0.1748%
-	6,905,432	99.6226%	26,162	0.3774%

CITY OF GRANBURY

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS
(Unaudited)

<u>Fiscal Year Ending</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>Tax Year</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Property use category</i>				
Real, Residential, Single family	\$ 1,025,779,903	\$ 906,891,557	\$ 820,251,664	\$ 716,225,506
Real, Residential, Multi-family	87,602,941	83,138,767	80,784,467	55,947,220
Real, Vacant Lots/Tracts	54,529,780	56,729,762	58,665,970	63,181,070
Real, Qualified Open-space Land	46,014,590	41,222,120	43,636,830	44,317,190
Real, Rural Land	18,987,160	9,297,130	9,300,540	7,734,330
Real, Commercial	549,439,121	545,753,570	520,693,810	496,522,065
Real, Industrial	2,563,620	2,723,230	3,000,130	2,807,450
Tangible Personal Property	5,710,590	4,871,310	5,108,170	5,132,400
Real/Tangible Personal, Utilities	23,528,030	22,234,860	22,145,260	20,508,560
Tangible Personal, Commercial	111,257,660	119,364,036	116,067,470	121,337,510
Tangible Personal, Industrial	4,694,130	7,712,560	5,757,840	1,574,100
Tangible Personal, Mobile Homes	206,040	227,280	289,770	337,030
Real Property, Inventory	16,429,560	10,760,620	17,896,380	7,934,600
Special Inventory	29,306,440	21,866,580	21,197,180	21,864,380
Real Minerals/Oil & Gas	3,076,760	3,931,490	7,862,890	7,287,580
Mixed PTD	<u>6,670</u>	<u>675,563</u>	<u>(23,083)</u>	<u>(144,300)</u>
Total Appraised Value	\$ <u>1,979,132,995</u>	\$ <u>1,837,400,435</u>	\$ <u>1,732,635,288</u>	\$ <u>1,572,566,691</u>
Less: Exemptions or Deductions:				
Optional>65 Res. Homestead	\$ 27,071,926	\$ 25,296,415	\$ 24,085,379	\$ 21,874,370
Disabled/Deceased Veterans	17,645,780	15,052,819	11,999,630	9,602,019
Agriculture & Unheard Protests	45,624,310	40,666,520	43,075,280	43,971,470
Residential, Capped Value Loss	11,987,249	9,113,423	11,689,567	3,954,032
Other	<u>4,751,234</u>	<u>5,803,619</u>	<u>2,976,688</u>	<u>(215,145)</u>
Total Exemptions	\$ <u>107,080,499</u>	\$ <u>95,932,796</u>	\$ <u>93,826,544</u>	\$ <u>79,186,746</u>
Net Assessed Valuation	\$ <u>1,872,052,496</u>	\$ <u>1,741,467,639</u>	\$ <u>1,638,808,744</u>	\$ <u>1,493,379,945</u>
Percent of Fair Market Value	100%	100%	100%	100%

Source: Hood Central Appraisal District

TABLE 9

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 626,908,890	\$ 564,533,270	\$ 527,546,060	\$ 501,976,240	\$ 477,935,220	\$ 464,702,920
57,507,490	51,110,960	47,024,980	44,482,770	41,923,330	39,576,630
62,954,700	68,636,150	60,718,140	58,541,910	50,644,930	42,005,010
44,373,730	47,088,100	44,881,390	46,750,000	47,921,880	67,637,360
7,450,720	7,249,500	7,584,980	7,213,810	17,152,810	5,422,210
507,380,480	507,984,820	434,696,240	392,331,310	396,789,380	380,787,530
2,852,840	2,622,570	2,147,740	2,116,560	2,462,190	2,194,980
3,604,400	3,474,740	1,004,350	965,040	10,219,060	-
20,807,760	19,935,130	17,323,730	12,524,180	11,821,370	10,552,930
115,199,910	121,399,950	115,944,620	102,257,650	91,154,860	100,114,430
9,035,070	22,037,920	15,707,560	9,050,770	773,190	7,006,700
341,190	378,440	370,420	345,590	356,980	329,630
7,903,750	8,939,530	9,021,500	9,036,230	8,522,040	14,195,140
19,880,940	20,134,780	19,063,260	18,107,580	17,292,880	14,375,950
3,910,240	4,337,100	11,736,060	12,353,800	12,538,690	14,141,160
(23,500)	(4,980)	(88,546)	(6,070)	(6,730)	(190,886)
<u>\$ 1,490,088,610</u>	<u>\$ 1,449,857,980</u>	<u>\$ 1,314,682,484</u>	<u>\$ 1,218,047,370</u>	<u>\$ 1,187,502,080</u>	<u>\$ 1,162,851,694</u>
\$ 20,464,770	\$ 19,261,650	\$ 17,924,460	\$ 16,231,640	\$ 14,880,720	\$ 13,909,120
7,069,829	5,207,004	5,321,866	4,593,900	4,479,249	3,917,120
44,052,720	46,764,630	44,541,430	46,408,000	47,574,150	48,722,370
2,831,037	2,353,530	753,550	1,076,290	1,502,480	2,895,780
<u>2,149,169</u>	<u>2,851,838</u>	<u>3,710,212</u>	<u>5,396,259</u>	<u>5,599,164</u>	<u>6,369,045</u>
<u>\$ 76,567,525</u>	<u>\$ 76,438,652</u>	<u>\$ 72,251,518</u>	<u>\$ 73,706,089</u>	<u>\$ 74,035,763</u>	<u>\$ 75,813,435</u>
<u>\$ 1,413,521,085</u>	<u>\$ 1,373,419,328</u>	<u>\$ 1,242,430,966</u>	<u>\$ 1,144,341,281</u>	<u>\$ 1,113,466,317</u>	<u>\$ 1,087,038,259</u>
100%	100%	100%	100%	100%	100%

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CITY OF GRANBURY

TABLE 10

TOP TEN AD VALOREM TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

Taxpayer	Tax Year 2021			Tax Year 2011		
	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation
Welltower TCG Ridea	1	\$ 23,090,410	1.23%			
Lake Villas Apartment LLC	2	15,047,360	0.80%			
Granbury Brazos Crossing	3	14,078,040	0.75%			
Hood County Hospital	4	13,452,780	0.72%			
Luton Ranch SC LP	5	12,446,650	0.66%			
Lakehouse Equipty Fund LLC	6	12,101,000	0.65%			
Kroger Texas LP	7	10,987,230	0.59%			
Welltower TCH NNN	8	10,800,000	0.58%			
Wal-Mart Real Estate Business	9	9,117,490	0.49%			
HEB Grocery Company LP	10	<u>8,771,398</u>	<u>0.47%</u>			
Health Care Reit Inc				1	\$ 23,437,130	2.25%
Hood General Hospital				2	13,300,080	1.28%
1909 Partners, LP				3	9,295,920	0.89%
Wal-Mart Real Estate Business				4	8,600,000	0.83%
Wal-Mart Properties Inc				5	7,918,200	0.76%
Lowes Home Centers Inc				6	6,917,200	0.66%
Lake Granbury Medical Center				7	6,832,380	0.66%
HD Development Properties				8	6,816,000	0.66%
The Shops of Granbury LTD				9	6,800,000	0.65%
Tapestry Group Lake Granbury LLC				10	<u>6,500,000</u>	<u>0.62%</u>
		\$ <u>129,892,358</u>	6.94%		\$ <u>96,416,910</u>	9.27%

Source: Hood County Appraisal District

CITY OF GRANBURY

SALES TAX REVENUE BY BUSINESS TYPE
(Unaudited)

SEPTEMBER 30, 2022

Fiscal Year	2022	2021	2020	2019
<i>Sales Tax Category</i>				
Retail:				
Motor Vehicle & Parts	\$ 441,660	\$ 377,814	\$ 365,063	\$ 366,567
Furniture & Home Furnishings	397,086	352,032	279,944	225,199
Electronics & Appliance	57,717	48,292	37,981	115,573
Building Materials	2,229,261	1,839,785	1,628,937	1,410,398
Apparel Stores	457,597	376,270	277,872	268,114
General Merchandise	1,530,537	1,296,851	1,268,068	1,269,391
All Other Retail	<u>2,492,040</u>	<u>2,243,158</u>	<u>2,007,092</u>	<u>1,677,608</u>
Total Retail	<u>7,605,898</u>	<u>6,534,202</u>	<u>5,864,956</u>	<u>5,332,850</u>
Agriculture/Manufacturing/Mining	662,576	463,753	450,276	416,720
Services	2,224,530	1,604,319	1,512,592	1,672,092
Wholesalers	571,702	426,763	355,171	390,026
Food & Accommodation	1,637,023	1,380,614	1,196,458	1,182,787
All Other	<u>380,608</u>	<u>209,528</u>	<u>77,483</u>	<u>60,816</u>
Total Sales Tax Received	\$ <u>13,082,338</u>	\$ <u>10,619,179</u>	\$ <u>9,456,937</u>	\$ <u>9,055,290</u>
City Sales Tax Rate	1.50%	1.50%	1.50%	1.50%

Source: ZacTax Sales Tax Analysis and Reporting Service

TABLE 11

2018	2017	2016	2015	2014	2013
\$ 405,353	\$ 370,879	\$ 313,972	\$ 357,382	\$ 280,756	\$ 243,210
196,754	169,716	172,403	165,189	182,908	162,761
136,153	108,577	50,686	53,284	93,884	80,488
1,334,958	1,371,254	1,132,022	1,038,175	955,273	990,088
262,122	220,794	231,035	191,794	136,370	122,338
1,263,430	1,191,687	1,184,226	1,164,962	1,010,511	1,011,228
<u>1,565,674</u>	<u>1,438,418</u>	<u>1,020,292</u>	<u>924,567</u>	<u>1,083,006</u>	<u>1,153,924</u>
<u>5,164,444</u>	<u>4,871,323</u>	<u>4,104,636</u>	<u>3,895,353</u>	<u>3,742,708</u>	<u>3,764,038</u>
413,600	354,932	352,589	291,357	413,761	385,708
1,459,290	1,276,362	1,210,484	713,673	788,306	697,989
384,946	340,329	565,717	557,188	438,871	320,307
1,152,846	1,051,885	947,192	888,846	829,682	783,573
<u>25,440</u>	<u>31,399</u>	<u>443,754</u>	<u>805,067</u>	<u>386,245</u>	<u>511,835</u>
<u>\$ 8,600,566</u>	<u>\$ 7,926,229</u>	<u>\$ 7,624,373</u>	<u>\$ 7,151,484</u>	<u>\$ 6,599,573</u>	<u>\$ 6,463,449</u>
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

CITY OF GRANBURY

**ELECTRICITY AND WATER SALES
BY TYPE OF CUSTOMER**

LAST TEN YEARS

ELECTRICITY SALES

Type of Customer	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 4,101,578	\$ 3,693,725	\$ 3,702,701	\$ 3,622,407	\$ 3,792,144
Commercial	6,596,715	5,027,037	5,187,784	5,375,791	5,504,278
Other	<u>992,536</u>	<u>1,754,624</u>	<u>1,715,779</u>	<u>1,787,936</u>	<u>1,921,095</u>
Total	<u>\$ 11,690,829</u>	<u>\$ 10,475,387</u>	<u>\$ 10,606,264</u>	<u>\$ 10,786,134</u>	<u>\$ 11,217,517</u>

WATER SALES

Type of Customer	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 5,023,034	\$ 4,462,754	\$ 4,387,350	\$ 3,729,829	\$ 3,815,847
Commercial	3,972,167	2,984,840	3,629,901	3,178,201	2,843,730
Other	<u>182,828</u>	<u>369,543</u>	<u>384,770</u>	<u>415,038</u>	<u>384,979</u>
Total	<u>\$ 9,178,029</u>	<u>\$ 7,817,138</u>	<u>\$ 8,402,021</u>	<u>\$ 7,323,069</u>	<u>\$ 7,044,556</u>

NOTE: This data is taken from billing registers and does not include billing adjustments. However, we believe it fairly represents the trend of growth and proportion of revenue from customer types. Starting in 2016- totals include all billing and year-end adjustments.

ELECTRICITY SALES

2017	2016	2015	2014	2013
\$ 3,580,932	\$ 3,420,101	\$ 3,505,676	\$ 3,510,579	\$ 3,395,007
6,959,122	6,646,565	6,632,906	6,746,776	7,131,527
<u>598,720</u>	<u>571,830</u>	<u>851,383</u>	<u>864,285</u>	<u>538,887</u>
\$ <u>11,138,774</u>	\$ <u>10,638,496</u>	\$ <u>10,989,965</u>	\$ <u>11,121,641</u>	\$ <u>11,065,421</u>

WATER SALES

2017	2016	2015	2014	2013
\$ 2,747,226	\$ 2,558,538	\$ 2,614,942	\$ 2,547,695	\$ 2,331,133
3,280,440	3,055,130	2,889,001	2,661,313	2,438,937
<u>153,230</u>	<u>142,706</u>	<u>34,250</u>	<u>120,286</u>	<u>90,312</u>
\$ <u>6,180,897</u>	\$ <u>5,756,374</u>	\$ <u>5,538,193</u>	\$ <u>5,329,295</u>	\$ <u>4,860,382</u>

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TOP TEN UTILITY RATE PAYERS BY RATE TYPE
COMPARED TO FIVE YEARS AGO
(Unaudited)

SEPTEMBER 30, 2022

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (in thousands of Kwh)			
	2022		2017	
	Rank	Consumption	Rank	Consumption
City of Granbury	1	7,331	1	6,351
GISD	2	6,863	2	6,309
Lake Granbury Medical Center	3	5,272	3	5,518
Hood County	4	2,744	6	1,897
Brookshire Grocery Co.	5	2,484	4	2,746
Waterview Point Retirement	6	1,731	7	1,918
Lowe's Home Center	7	1,693	5	2,658
Waterview Cove	8	1,114	8	1,307
AT&T	9	985	9	1,184
Creative Solutions	10	898		
PDOF Granbury, LLC (Hilton Garden Inn)			10	1,051

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	2022		2017	
	Rank	Consumption	Rank	Consumption
Harbor Lakes Partners LLC	1	229,792		
City of Granbury	2	158,514	1	143,580
Creative Solutions	3	143,824	5	66,740
Hood County	4	112,345	3	80,089
Lake Granbury Medical Investor	5	95,942	7	49,036
Lakehouse Equity	6	86,696	4	74,240
Aqua Texas	7	81,683		
Waterview Point Retirement (was Pacific Lake Granbury, LP)	8	77,588	6	53,777
GISD	9	65,060	8	47,665
Parkdale Enterprises LLC	10	58,119		
Shottenkirk Toyota (was Jerry Durant)			2	80,648
Wash My Ride			9	42,749
PDOF Granbury, LLC (Hilton Garden Inn)			10	38,908

CITY OF GRANBURY

UTILITY SERVICE RATES
ELECTRIC, WATER AND SEWER
(Unaudited)

SEPTEMBER 30, 2022

Electric Rate Structure

Electric	Inside City Limits	Outside City Limits
Minimum charge	13.75	25.00
Energy Charge per/kWh	0.0459	0.0459

Electric	Inside City Limits	Outside City Limits
Minimum- Small Commercial	35.00	45.00
Minimum- Large Commercial	72.00	85.00
Minimum- Multi Unit	13.75	25.00
Energy Charge per/kWh	0.0459	0.0459

Power Cost Adjustment Factor - In addition to the appropriate base and energy rates, each customer's monthly bill shall include an applicable per kilowatt hour Power Cost Adjustment (PCA) charge.

All Customers	Inside City Limits	Outside City Limits
Residential Sales Tax	1.50%	n/a
Commercial Sales Tax	8.25%	6.00%

Water Rate Structure

Water	Inside City Limits	Outside City Limits
Minimum Charge	18.92	29.56
Rate per 1,000 gallons:		
0-2,000 gallons	5.91	8.87
2,000- 10,000 gallons	7.98	11.96
10,001-20,000 gallons	9.17	13.76
over 20,000 gallons	9.46	14.19

Water	Inside City Limits	Outside City Limits
Minimum Per Meter Size:		
3/4" Meters	21.28	29.56
1" Meters	43.75	61.48
2" Meters	205.73	288.50
3" and 4" Meters	411.47	577.00
6" Meters	682.91	957.12
Rate per 1,000 gallons:		
0-2,000 gallons	5.91	8.87
2,000- 10,000 gallons	7.98	11.96
10,001-20,000 gallons	9.17	13.76
over 20,000 gallons	9.46	14.19

UTILITY SERVICE RATES
ELECTRIC, WATER AND SEWER
(Unaudited)

SEPTEMBER 30, 2022

Sewer Rate Structure

Sewer	Inside City Limits	Outside City Limits
Minimum Charge	28.24	40.01
Rate per 1,000 gallons	4.12	6.18

Sewer	Inside City Limits	Outside City Limits
Minimum- Small Commercial	42.95	52.36
Minimum- Large Commercial	42.95	52.36
Minimum- Multi Unit	10.00	15.00
Rate per 1,000 gallons	4.12	6.18

Garbage Rate Structure

Garbage	Inside City Limits	Outside City Limits
Residential Customer	16.24	n/a
Commercial Customer	*varies	n/a

* rates will be set by type, amount, and frequency of service

All Customers	Inside City Limits	Outside City Limits
Residential Sales Tax	8.25%	n/a
Commercial Sales Tax	8.25%	n/a

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DEBT CAPACITY

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RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA

LAST TEN YEARS
(Unaudited)

Year Ended September 30	Assessed Value (Adjusted)	Gross Bonded Debt	Less: Debt Service Fund Balance	Net Bonded Debt
2013	\$ 1,087,038,259	\$ 23,385,375	\$ 266,352	\$ 23,119,023
2014	1,113,466,317	21,525,000	171,352	21,353,648
2015	1,144,341,281	20,776,684	260,791	20,515,893
2016	1,242,430,966	22,965,392	289,887	22,675,505
2017	1,373,419,328	20,919,169	333,176	20,585,993
2018	1,413,521,085	23,978,254	508,115	23,470,139
2019	1,493,379,945	21,147,795	706,388	20,441,407
2020	1,638,808,744	21,338,578	801,769	20,536,809
2021	1,741,467,639	18,074,605	1,333,085	16,741,520
2022	1,872,052,496	14,700,808	1,054,512	13,646,296

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
2013	2.13%	8,290	\$ 2,789
2014	1.92%	8,779	2,432
2015	1.79%	8,940	2,295
2016	1.83%	9,140	2,481
2017	1.50%	9,310	2,211
2018	1.66%	9,520	2,465
2019	1.37%	10,410	1,964
2020	1.25%	10,730	1,914
2021	0.96%	11,490	1,457
2022	0.73%	11,852	1,151

Gross bonded debt includes general obligation bonds for both governmental activities and business-type activities.

CITY OF GRANBURY

GOVERNMENT-WIDE OUTSTANDING DEBT
LAST TEN YEARS

SEPTEMBER 30, 2022

Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Combined Tax & Revenue Certificates of Obligation	Notes and Lease/Purchases	Utility Revenue Bonds	General Obligation Bonds	Combined Tax & Revenue Certificates of Obligation
2013	\$ 10,726,491	\$ 13,141,407	\$ 692,875	\$ 12,903,214	\$ 4,739,125	\$ 59,625
2014	9,509,707	12,447,293	975,234	12,114,241	4,376,581	-
2015	15,542,500	6,380,000	1,472,079	11,302,268	3,936,536	16,430,000
2016	19,410,667	12,289,507	1,482,502	10,467,295	3,554,724	19,150,000
2017	13,231,650	29,253,811	1,320,400	170,321	8,765,839	80,435,000
2018	16,205,135	11,600,115	1,777,443	3,550,104	7,773,119	33,370,000
2019	14,543,621	13,340,419	1,480,219	3,333,942	6,604,174	81,470,000
2020	12,837,758	31,869,850	1,239,468	-	8,500,820	80,435,000
2021	11,033,008	31,054,986	1,025,995	-	7,041,597	78,825,000
2022	9,203,255	77,024,843	881,494	-	5,497,553	77,235,000

*Per capita income data was not released in 2021 due to disruptions from COVID

TABLE 16**Total Government-wide Indebtedness**

Texas Capital Loan/ Notes and Lease/ Purchases	Total Government-wide Indebtedness	Estimated Population	Total Debt per Capita	Per Capita Income	Debt as Percent of Personal Income
\$ 1,114,621	\$ 43,377,358	8,290	\$ 5,232	\$ 27,967	18.71%
1,407,137	40,830,193	8,779	4,651	29,105	15.98%
1,257,178	56,320,561	8,940	6,300	26,864	23.45%
1,016,407	67,371,102	9,140	7,371	30,478	24.18%
1,310,182	134,487,203	9,310	14,445	31,508	45.85%
1,796,059	76,071,975	9,520	7,991	33,913	23.56%
1,528,080	122,300,455	10,410	11,748	33,462	35.11%
1,310,182	136,193,078	10,730	12,693	35,997	35.26%
4,866,073	133,846,659	11,490	11,649	35,997	32.36%
2,411,555	172,253,700	11,852	14,534	39,715	36.60%

ESTIMATED DIRECT AND OVERLAPPING AD VALOREM
SUPPORTED GROSS DEBT STATEMENT

AS OF SEPTEMBER 30, 2022
(Unaudited)

<u>Governmental Subdivision</u>	<u>Gross Debt</u>	<u>Estimated Percent Applicable (1)</u>	<u>Direct and Estimated Overlapping Bonded Debt</u>
<u>Direct:</u>			
• City of Granbury	\$ 86,884,552	100.00%	\$ <u>86,884,552</u>
Total Direct Debt			<u>86,884,552</u>
<u>Overlapping:</u>			
• Granbury Independent School District	85,775,000	23.18%	19,882,645
• Hood County	6,205,000	23.27%	<u>1,443,904</u>
Total Overlapping Debt			<u>21,326,549</u>
<u>Total Direct and Overlapping Consolidated</u>			
Gross Debt Outstanding			\$ <u>108,211,101</u>
Direct and Overlapping Gross Debt Per Capita			A. \$ 9,130
Ratio of Direct and Overlapping Gross Debt to 2021 Net Assessed Valuation			B. 5.78%

A. Based on population estimate of 11,852 as of 9/30/2022.

B. Based on the assessed valuation of \$1,872,052,496 for tax year 2021.

Note 1: The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market values for Granbury Independent School District and Hood County is calculated by the Hood County Appraisal District.

CITY OF GRANBURY

TABLE 18

COMPUTATION OF LEGAL DEBT MARGIN

SEPTEMBER 30, 2022
(Unaudited)

The City Charter of the City of Granbury, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 for every \$100 of assessed valuation.

Tax Rate Limit	\$ 2.500
Current Tax Rate	<u>0.38697</u>
Available Tax Rate	<u>\$ 2.113</u>

No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Assessed Value (Adjusted)</u>	<u>Maximum Allowable Taxable Amount</u>	<u>Actual Tax Levy</u>	<u>Margin</u>
2012	2012-2013	\$ 1,087,038,259	\$ 27,175,956	\$ 4,294,424	\$ 22,881,532
2013	2013-2014	1,113,466,317	27,836,658	4,361,858	23,474,800
2014	2014-2015	1,144,341,281	28,608,532	4,518,300	24,090,232
2015	2015-2016	1,242,430,966	31,060,774	4,906,608	26,154,166
2016	2016-2017	1,373,419,328	34,335,483	5,417,381	28,918,102
2017	2017-2018	1,413,521,085	35,338,027	5,576,464	29,761,563
2018	2018-2019	1,493,379,945	37,334,499	5,853,856	31,480,643
2019	2019-2020	1,638,808,744	40,970,219	6,375,855	34,594,363
2020	2020-2021	1,741,467,639	43,536,691	6,684,541	36,852,150
2021	2021-2022	1,872,052,496	46,801,312	6,971,640	39,829,672

CITY OF GRANBURY
MUNICIPAL UTILITY REVENUE BOND COVERAGE

TABLE 19

LAST TEN YEARS
(Unaudited)

Fiscal Year	Total Revenues	Direct Operating Expenses	Net Available for Debt Service	Annual Requirement	Times Coverage
2013	\$ 18,366,107	\$ 15,333,091	\$ 3,033,016	\$ 1,247,523	2.43
2014	19,320,635	16,272,444	3,048,191	1,244,623	2.45
2015	19,478,823	15,659,883	3,818,940	1,244,168	3.07
2016	19,493,524	16,284,099	3,209,425	1,242,318	2.58
2017	20,736,380	15,876,509	4,859,871	1,244,624	3.90
2018	21,989,461	13,351,108	8,638,353	345,300	25.02
2019	23,078,453	12,750,739	10,327,714	339,150	30.45
2020	23,680,594	13,287,540	10,393,054	343,000	30.30
2021	22,750,664	18,057,468	4,693,196	-	N/A *
2022	25,689,528	15,112,177	10,577,351	-	N/A *

The City Charter of the City of Granbury, Texas, provides that all sources of Utility Fund revenues are cross-pledged to cover all sources of Utility Fund debt.

* There is no annual requirement because all revenue bonds were refunded and paid off in FY 2020.

RATIO OF ANNUAL DEBT SERVICE
FOR GENERAL BONDED DEBT TO
TOTAL GENERAL EXPENDITURES

Last Ten Years
(Unaudited)

Fiscal Year	Principal	Interest and Charges	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2013	\$ 1,832,625	\$ 979,932	\$ 2,812,557	\$ 11,018,728	25.5252%
2014	1,860,375	891,125	2,751,500	11,285,866	24.3801%
2015	2,062,500	676,312	2,738,812	13,770,604	19.8888%
2016	1,895,000	798,663	2,693,663	12,868,021	20.9330%
2017	1,645,000	1,167,281	2,812,281	15,553,080	18.0818%
2018	1,907,500	958,556	2,866,056	13,782,134	20.7954%
2019	1,960,000	909,081	2,869,081	16,276,467	17.6272%
2020	2,201,000	913,232	3,114,232	15,459,417	20.1446%
2021	2,309,000	1,798,708	4,107,708	15,821,714	25.9625%
2022	2,759,000	1,399,803	4,158,803	18,275,429	22.7563%

CITY OF GRANBURY

TABLE 21

PROPERTY VALUE AND CONSTRUCTION

LAST TEN YEARS
(Unaudited)

<u>Year Ended September 30</u>	<u>Assessed Value (Adjusted)</u>	<u>Building Permits Issued</u>	<u>Percent Change</u>	<u>Estimated Value of Construction All Permits</u>	<u>Percent Change</u>
2013	\$ 1,087,038,259	284	19.83%	\$ 41,544,776	31.81%
2014	1,113,466,317	249	-12.32%	53,181,956	28.01%
2015	1,144,341,281	228	-8.43%	45,685,267	-14.10%
2016	1,242,430,966	235	3.07%	43,439,911	-4.91%
2017	1,373,419,328	328	39.57%	55,733,558	28.30%
2018	1,413,521,085	376	14.63%	63,941,951	14.73%
2019	1,493,379,945	357	8.84%	66,617,919	19.53%
2020	1,638,808,744	939	163.03%	100,944,108	51.53%
2021	1,741,467,639	679	-27.69%	111,739,613	10.69%
2022	1,872,052,496	471	-30.63%	45,633,467	-59.16%

DEMOGRAPHIC AND ECONOMIC INFORMATION

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CITY OF GRANBURY

Table 22

DEMOGRAPHIC STATISTICS

LAST TEN YEARS
(Unaudited)

<u>Year Ended September 30</u>	<u>Estimated Population</u>	<u>Unemployment Rate for Hood County</u>	<u>School Enrollment</u>	<u>Per Capita Income</u>
2013	8,290	4.9%	6,510	\$ 27,967
2014	8,779	3.8%	6,621	29,105
2015	8,940	4.8%	6,658	26,864
2016	9,140	4.7%	6,869	30,478
2017	9,310	3.9%	6,869	31,508
2018	9,520	2.3%	6,991	33,913
2019	10,410	3.4%	7,143	33,462
2020	10,730	7.3%	7,346	35,997
2021	11,490	4.5%	7,540	35,997 *
2022	11,852	3.0%	7,806	39,715

Sources:

Population and Per capita income* from <https://www.census.gov/quickfacts/fact/table/granburycitytexas> and from <https://www.worldpopulationreview.com/us-cities/granbury-tx-population>
 Unemployment rates from Texas Labor Market web site (<https://texaslmi.com/LMIbyCategory/LAUS>)
 School enrollment from Texas Education Agency (tea.texas.gov) and/or National Center for Education Statistics (nces.ed.gov)

*Per capita income data was not released in 2021 due to disruptions from COVID

CITY OF GRANBURY

EMPLOYERS AND SELECTED STATISTICS

(Unaudited)

MAJOR EMPLOYERS

Employer	Line of Business	2022		
		Employees	Rank	% of Total Employed
Granbury ISD	School District	1,469	1	5.2%
Lake Granbury Medical	Medical Services	700	2	2.5%
Walmart Supercenter	Retail	450	4	1.6%
Hood County	County Government	364	3	1.3%
H - E - B	Retail	363	4	1.3%
City of Granbury	Municipal Government	202	5	0.7%
Integrity Biochem	Manufacturing-Chemicals	190	6	0.7%
First National Bank of Granbury	Banking & Finance	163	7	0.6%
Lowe's	Home Improvement	160	8	0.6%
Kroger	Retail	153	9	0.5%
Home Depot	Home Improvement	153	10	0.5%
Granbury Care Center	Nursing Home	135		0.5%
Culberson Construction	Hombuilders	100		0.4%
Equibrand		100		0.4%
United Cooperative Svc	Utility Services	<u>50</u>		<u>0.2%</u>
	Total	<u>4,752</u>		<u>16.7%</u>

SELECTED BUSINESS STATISTICS

	2022	2021	2020
Total Number Employed, Hood County	28,490	27,297	25,641
Number of Business Establishments, Hood County	2,320	1,602	1,557
Number of Households, Granbury	4,883	4,091*	4,091

*Number of Households data was not released in 2021 due to disruptions from COVID.

Prior year data restated where current source provided updated figures.

Sources: ESRI 2022; Texas Workforce Solutions, Granbury Economic Development;

United Census Bureau (http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml);

TABLE 23

2012		
Employees	Rank	% of Total Employed
921	1	3.8%
323	4	1.3%
411	2	1.7%
350	3	1.4%
250	5	1.0%
175	9	0.7%
178	8	0.7%
228	6	0.9%
200	7	0.8%
<u>153</u>	10	<u>0.6%</u>
<u>3,189</u>		<u>13.0%</u>

2019	2018	2017	2012
26,820	26,127	25,065	24,454
1,515	1,444	1,401	818
3,996	3,744	3,667	3,296

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OPERATING INFORMATION

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CITY OF GRANBURY

TABLE 24

CITY EMPLOYEES BY JOB TYPE

LAST TEN FISCAL YEARS
(Unaudited)

Job Classification	Count of Employees by Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Building Inspectors	12	10	8	10	9	8	9	10	9	9
Computer Install, Inspec	4	2	1	2	3	3	3	3	3	-
Street & Road Repair	7	7	7	7	7	7	7	7	7	6
Drivers	3	2	3	3	3	3	3	3	3	3
Airport Operations	4	4	6	6	6	6	6	6	6	5
Waterworkers	25	24	24	20	19	19	16	14	15	14
Electric Distribution	8	7	7	7	7	8	7	7	7	7
Sewage Treatment	16	15	15	14	9	9	9	9	9	9
TV or Radio	2	1	1	1	1	1	1	1	2	-
Firefighters-Volunteer	54	54	58	49	58	62	35	47	35	43
Police Officers	46	45	46	44	39	36	34	34	33	32
Warehouse Operation	2	2	2	2	2	2	2	2	2	2
Automobile Repair	4	3	3	3	3	3	3	3	3	3
Promotional/Development	1	-	4	5	2	2	2	2	6	13
Clerical-Office	47	39	46	44	36	36	36	37	39	41
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	15	13	13	12	13	13	13	12	14	14
Restaurants	7	8	5	5	6	6	6	6	5	-
Parks & Recreation	<u>25</u>	<u>43</u>	<u>30</u>	<u>25</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>
Total	<u>282</u>	<u>277</u>	<u>280</u>	<u>260</u>	<u>250</u>	<u>251</u>	<u>219</u>	<u>230</u>	<u>225</u>	<u>228</u>

Source: Texas Municipal League Workers Compensation audit figures and current year approved, budgeted positions.

CITY OF GRANBURY

CAPITAL ASSETS INFORMATION

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	2022	2021	2020	2019
City-Owned Equipment				
Vehicles	135	128	123	145
Mobile Equipment	108	105	104	89
Street Department				
Roadway (<i>in miles</i>)	64	64	62.4	62.4
City Parks				
Maintained Public Parks (<i>in acres</i>)	126	126	126	110
Athletic Fields:				
Soccer Fields	8	8	8	8
Ball Fields	9	9	9	9
Basketball Court	1.5	1.5	1.5	1.5
Volleyball Pit	2	2	2	2
Playgrounds	4	4	4	4
Boat Ramps	2	2	2	2
Swimming Pool	1	1	1	1
Hike & Bike Trail (<i>in miles</i>)	2.93	2.93	2.93	2.93
Splash Park	1	1	1	1
Airport				
Enclosed Hangars	75	75	75	75
Open T-Hangars	9	9	9	9
Commercial Hangars	8	8	8	8
Water Department				
Water lines (<i>in miles</i>)	156.8	155.7	155.4	151.5
Wells	18	18	18	36
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	43	43	44	43
Sewer lines (<i>in miles</i>)	50.8	50.5	50.2	46.4
Electric Department				
Overhead Line (<i>in miles</i>)	87	87	87	87
Underground Line (<i>in miles</i>)	25	24	23	23

Source: City of Granbury records

TABLE 25

2018	2017	2016	2015	2014	2013
146	137	132	142	152	151
88	114	119	117	123	120
57	55	54	53	51.5	51.5
110	110	110	110	110	110
8	8	8	8	8	8
9	9	9	9	9	9
1	1	1	2	2	1
2	2	2	2	2	2
4	4	4	4	4	3
2	2	2	2	2	2
1	1	1	1	1	1
2.75	2.75	2.75	2.5	2.5	2.5
1	1	1	1	1	1
75	75	75	75	75	75
9	9	9	7	7	7
8	8	8	5	5	5
150.0	135.0	135.0	121.5	109.4	98.4
36	36	36	33	30	33
1	1	1	1	1	1
42	42	42	43	40	43
44.9	44.9	44.9	44.4	43.0	43.0
87	87	87	87	87	82
17	13	11	11	11	11

CITY OF GRANBURY

CAPITAL ASSETS INFORMATION

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	2022	2021	2020	2019
Municipal Court				
Citations Processed	2,053	2,409	2,002	2,004
Police Department				
Calls for Service	30,816	28,483	26,541	20,920
Arrests	764	791	669	693
Accidents	1,217	1,085	953	881
Fire Department				
Calls for Service: Fire/Rescue	1,104	944	925	916
Calls for Service: EMS	369	421	365	251
Community Services				
Building Permits Issued	471	679	939	357
Building Permits Value (\$)	45,633,467 -59%	111,739,613 11%	100,944,108 52%	66,617,919 4%
Utility Department				
Electric Connections	3,577	3,470	3,439	3,376
Water Connections	6,550	6,257	6,067	5,776
Sewer Connections	5,528	5,088	4,927	4,797
Electric Department				
KWH Sold	96,727,254	88,712,480	89,652,143	90,564,811
Water Department				
Well Production <i>(in gallons, 000)</i>	141,327	262,492	302,000	300,990
Water Plant Production <i>(in gallons, 000)</i>	887,831	580,816	509,701	432,200
Water purchased <i>(in gallons, 000)</i>	-	-	-	-
Wastewater Department				
Discharge Flow <i>(in gallons, 000)</i>	455,494	487,816	468,239	515,495

Source: City of Granbury records from departments.

TABLE 26

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
1,898	1,480	1,715	1,480	1,617	1,846
21,762	21,326	21,453	19,620	22,129	21,456
757	661	606	655	714	731
952	959	736	948	872	794
946	921	817	753	770	736
260	269	731	740	138	182
376	328	235	228	249	284
63,941,951	55,733,558	43,439,911	45,685,267	53,181,956	41,544,776
15%	28%	-5%	-14%	28%	32%
3,341	3,313	3,317	3,304	3,286	3,242
5,659	5,393	5,366	5,314	5,209	5,008
4,798	4,415	4,156	3,977	3,891	3,782
93,003,141	88,061,026	89,408,844	93,693,230	94,826,877	91,016,235
290,294	510,595	531,715	511,391	524,689	427,516
378,813	45,380	48,311	69,448	81,505	103,975
13,600	110,856	98,670	85,706	59,696	144,395
473,960	464,185	509,657	500,186	345,939	360,775

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COMPLIANCE SECTION

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

Honorable Mayor and
Members of the City Commission
City of Granbury, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granbury, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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.

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

Waco, Texas
February 28, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Commission
City of Granbury, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Granbury, Texas' (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Granbury, Texas's major federal programs for the year ended September 30, 2022. The City of Granbury, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Granbury, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Granbury, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The City of Granbury, Texas's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Waco, Texas
February 28, 2023

CITY OF GRANBURY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Pass-Through Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
Passed through Texas Department of Agriculture:				
Community Development Block Grant	14.228	7218171	22,432	-
Total Passed through Texas Department of Agriculture			22,432	-
Subtotal assistance listing number 14.228			22,432	-
Total U. S. Department of Housing and Urban Development			22,432	-
<u>U. S. Department of Treasury</u>				
Passed through Texas Department of Emergency Management:				
American Rescue Plan Fiscal Recovery Funds (COVID-19)	21.027	2021CLFRF	136,464	-
Total Passed through Texas Department of Emergency Management			136,464	-
Subtotal assistance listing number 21.027			136,464	-
Total U. S. Department of Treasury			136,464	-
<u>U. S. Environmental Protection Agency</u>				
Passed through from Texas Water Development Board				
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000891	654,149	-
Capitalization Grants for Drinking Water State Revolving Funds	66.458	L1000980	11,739,530	-
Total Passed through from Texas Water Development Board			12,393,679	-
Clean Water State Revolving Fund Cluster 66.458			12,393,679	-
Total U. S. Environmental Protection Agency			12,393,679	-
Total Expenditures of Federal Awards			\$ 12,552,575	\$ -

The accompanying notes are an integral part of this schedule.

CITY OF GRANBURY, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reporting Entity

The City of Granbury is a charter city in which the citizens elect the mayor at large and five council members at large by place. The financial statements of the City of Granbury, Texas ("City") include all governmental activities, organizations, and functions of the City.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal program activity of the City of Granbury, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Indirect Cost Rate

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform guidance.

Texas Water Development Board Loans

The City issued bonds that were purchased by the Texas Water Development Board with Drinking Water State Revolving Funds and Clean Water State Revolving Funds. The amounts of federal awards reported in the Schedule of Expenditures of Federal Awards are the amount of bond funds spent during the period.

CITY OF GRANBURY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered a material weakness? None reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered a material weakness? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 100.516(a) None

Identification of major programs:

Assistance Listing Number(s): Name of Program or Cluster:
66.458 Capitalization Grants for Clean Water and Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B federal programs. \$750,000

Auditee qualified as low-risk auditee for federal single audit? Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

CITY OF GRANBURY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

None.

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