

GRANBURY

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ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023



CITY OF GRANBURY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SEPTEMBER 30, 2023

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INTRODUCTORY SECTION

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

March 19, 2024

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, 2024.

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 three sections: introductory, financial and statistical. 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 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 12,391 people and serves as the center of commerce and recreation to over 65,209 county residents (North Central Texas Council of Governments). There are currently 18 square miles of land within the City's boundaries.

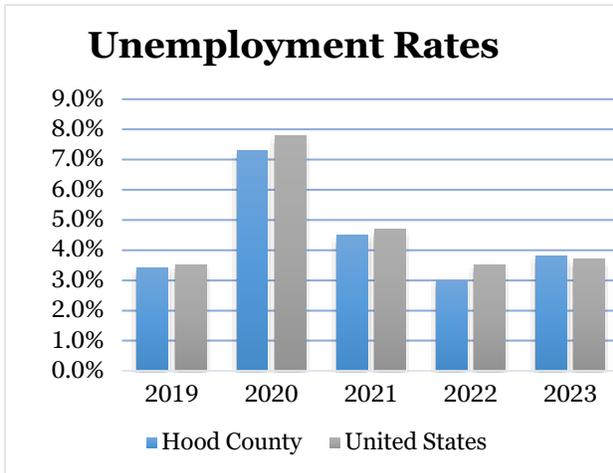


Government Structure

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

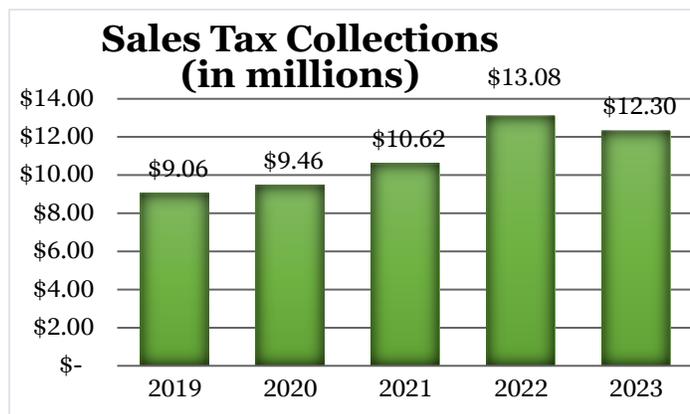
Granbury is only 30 miles from the Dallas-Fort Worth Metroplex and has shown relatively strong economic growth over the past ten years. Hood County has also enjoyed a robust economic

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

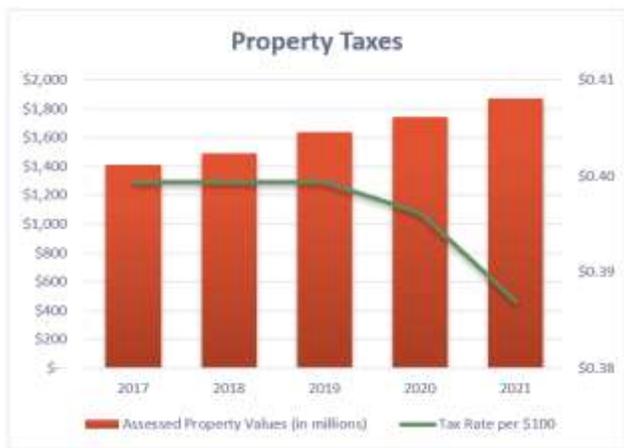
Local Economy

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 43,000 people that live within 5 miles, 65,000 people that live within 10 miles and 136,000 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 2022-2023 shows to be down 6% compared to the prior year. However, November collection for September sales was recognized as available resources in FY 2022, as a result, 13 months of sales tax was recorded in FY 2022. The sales tax revenue for fiscal year 2023-2024 was conservatively budgeted when compared to 2022-2023 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 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 25% or approximately \$466 million for the 2022 Tax Year to \$2,338 million. The City’s property tax rate decreased to \$.38000 for Tax Year 2022. 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 Wastewater Certificate of Convenience and Necessity (CCN) put in place on December 14, 2020, has been extended to October 4, 2024. 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 2022-2023 was approximately \$91.4M. The overall portfolio provided \$2.653M 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, 2023, 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, 2022. This was the twenty-second 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, 2023

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

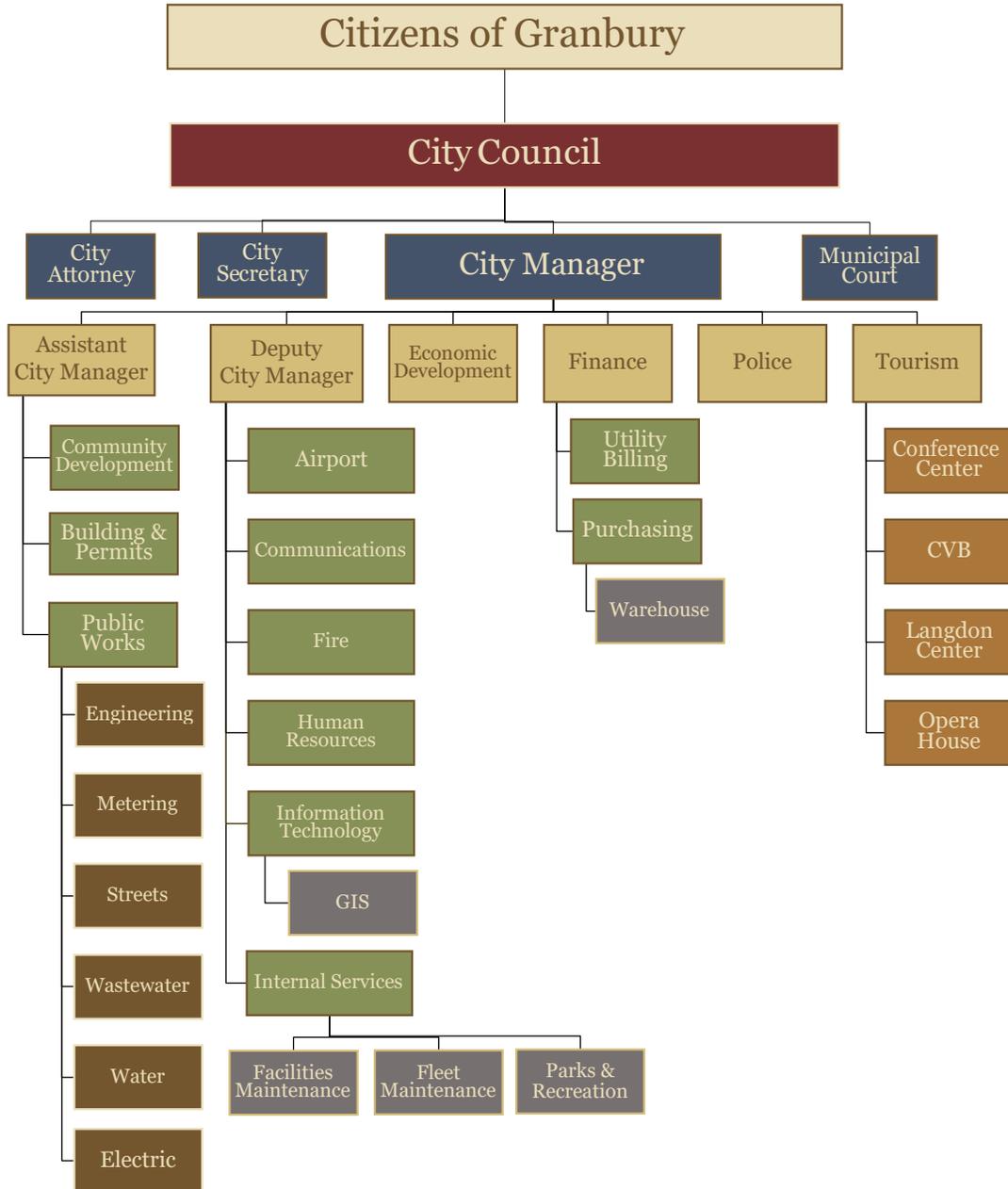
DEPARTMENT DIRECTORS

**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
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, 2023





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, 2022

Christopher P. Morill

Executive Director/CEO

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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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of 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 described in the notes to the financial statements, in fiscal year 2023 the City of Granbury, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based IT Arrangements. Our opinion is 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 March 19, 2024 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
March 19, 2024

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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City of Granbury, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2023

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, 2023. 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 \$148,861,488 (Net Position). Of this amount, \$28,749,045 (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 \$21,265,829. The City's operations increased the governmental activities by \$3,977,037 and increased the business-type activities by \$17,288,792.
- At the close of the current fiscal year, the City's of Granbury's governmental funds reported combined ending fund balances of \$69,126,047.
- As of the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,217,411 or 73% of the total General Fund expenditures.
- At the end of the current fiscal year, unrestricted net position for the Utility Fund was \$10,071,227, or 61% 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 16-19 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 20–23 and 25-26 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 28-33 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 36-64 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 \$148,861,488 as of September 30, 2023

The largest portion of the City's net position (77%) 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, \$28,749,045, may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2023, 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 75,689,254	\$ 77,524,391	\$ 40,663,426	\$ 46,177,288	\$ 116,352,680	\$ 89,122,389
Capital assets	<u>77,527,059</u>	<u>73,211,756</u>	<u>142,068,037</u>	<u>123,913,241</u>	<u>219,595,096</u>	<u>176,181,757</u>
Total assets	<u>153,216,313</u>	<u>150,736,147</u>	<u>182,731,463</u>	<u>170,090,529</u>	<u>335,947,776</u>	<u>320,826,676</u>
Deferred outflows of resources	<u>5,523,284</u>	<u>2,872,345</u>	<u>1,283,577</u>	<u>733,201</u>	<u>6,806,861</u>	<u>3,605,546</u>
Current and other liabilities	3,767,309	3,753,921	8,609,378	10,108,688	12,376,687	9,625,982
Long-term liabilities	<u>96,621,349</u>	<u>93,254,765</u>	<u>83,543,767</u>	<u>85,442,526</u>	<u>180,165,116</u>	<u>178,697,291</u>
Total liabilities	<u>100,388,658</u>	<u>97,008,686</u>	<u>92,153,145</u>	<u>95,551,214</u>	<u>192,541,803</u>	<u>192,559,900</u>
Deferred inflows of resources	<u>197,711</u>	<u>2,423,615</u>	<u>1,153,635</u>	<u>1,853,048</u>	<u>1,351,346</u>	<u>4,276,663</u>
Net position:						
Net investment in capital assets	42,887,572	37,720,563	71,019,468	55,444,541	113,907,040	93,165,104
Restricted	2,275,282	1,995,503	3,930,121	3,508,305	6,205,403	5,503,808
Unrestricted	<u>12,990,374</u>	<u>14,460,125</u>	<u>15,758,671</u>	<u>14,466,622</u>	<u>28,749,045</u>	<u>28,926,747</u>
Total net position	<u>\$ 58,153,228</u>	<u>\$ 54,176,191</u>	<u>\$ 90,708,260</u>	<u>\$ 73,419,468</u>	<u>\$ 148,861,488</u>	<u>\$ 127,595,659</u>

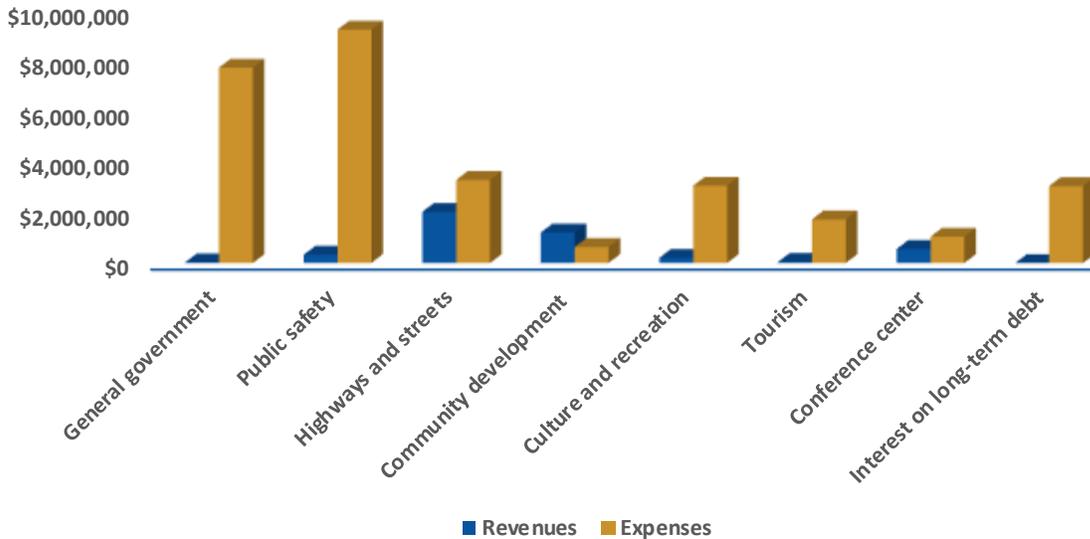
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenue:						
Charges for services	\$ 2,176,673	\$ 3,876,968	\$ 28,971,124	\$ 27,039,619	\$ 31,147,797	\$ 30,916,587
Operating grants and contributions	304,952	91,460	94,913	-	399,865	91,460
Capital grants and contributions	1,870,999	1,909,693	11,830,891	1,420,387	13,701,890	3,330,080
General revenues:						
Property taxes	8,521,945	7,016,003	-	-	8,521,945	7,016,003
Sales taxes	12,345,857	12,079,455	-	-	12,345,857	12,079,455
Hotel/motel taxes	1,087,725	1,132,517	-	-	1,087,725	1,132,517
Franchise taxes	2,809,831	2,491,629	-	-	2,809,831	2,491,629
Investment earnings	3,421,509	485,130	1,547,557	161,105	4,969,066	646,235
Other	365,339	920,837	592,481	175,725	957,820	1,096,562
Total revenues	<u>32,904,830</u>	<u>30,003,692</u>	<u>43,036,966</u>	<u>28,796,836</u>	<u>75,941,796</u>	<u>58,800,528</u>
Expenses:						
General government	7,695,993	6,081,245	-	-	7,695,993	6,081,245
Public safety	9,193,643	6,785,090	-	-	9,193,643	6,785,090
Highways and streets	3,274,033	3,122,827	-	-	3,274,033	3,122,827
Community development	628,696	539,961	-	-	628,696	539,961
Clean air coalition	33,155	130,162	-	-	33,155	130,162
Culture and recreation	3,043,922	2,585,383	-	-	3,043,922	2,585,383
Tourism	1,715,589	1,549,990	-	-	1,715,589	1,549,990
Conference center	1,036,030	793,202	-	-	1,036,030	793,202
Interest on long-term debt	3,027,915	1,984,290	-	-	3,027,915	1,984,290
Water treatment and distribution	-	-	10,451,443	8,452,821	10,451,443	8,452,821
Wastewater collection and treatment	-	-	3,716,435	4,098,532	3,716,435	4,098,532
Electricity	-	-	9,380,832	8,563,745	9,380,832	8,563,745
Airport	-	-	1,478,281	1,127,664	1,478,281	1,127,664
Total expenses	<u>29,648,976</u>	<u>23,572,150</u>	<u>25,026,991</u>	<u>22,242,762</u>	<u>54,675,967</u>	<u>45,814,912</u>
Increases (decrease) in net position before transfers	3,255,854	6,431,542	18,009,975	6,554,074	21,265,829	12,985,616
Transfers	<u>721,183</u>	<u>326,098</u>	<u>(721,183)</u>	<u>(326,098)</u>	-	-
Change in net position	3,977,037	6,757,640	17,288,792	6,227,976	21,265,829	12,985,616
Net position, beginning	<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>
Net position, ending	<u>\$ 58,153,228</u>	<u>\$ 54,176,191</u>	<u>\$ 90,708,260</u>	<u>\$ 73,419,468</u>	<u>\$ 148,861,488</u>	<u>\$ 127,595,659</u>

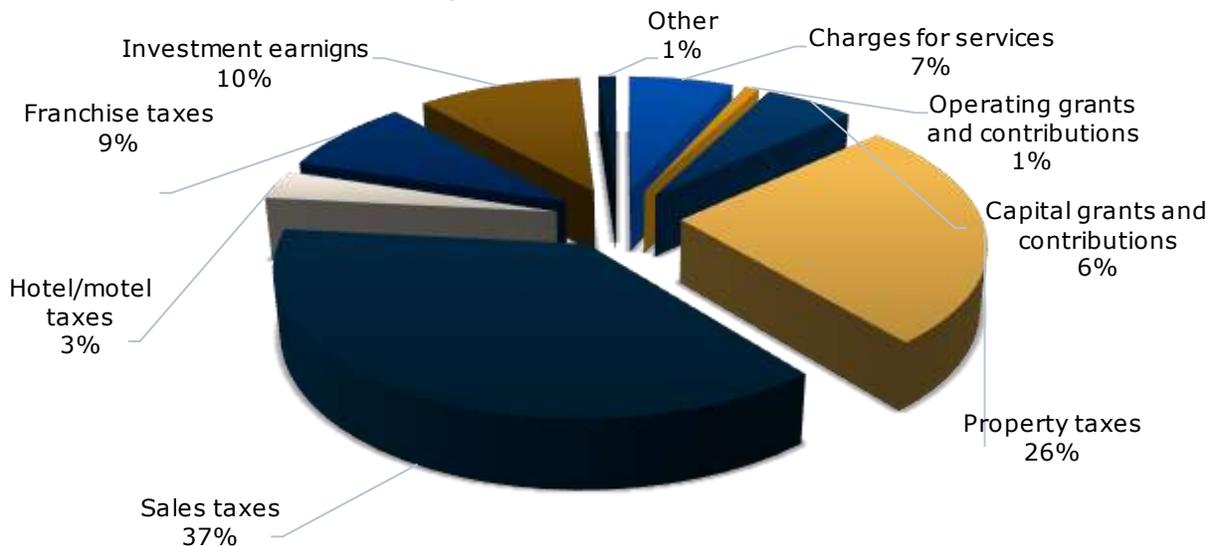
Governmental Activities. Governmental activities increased the City’s net position by \$3,977,037 compared with a \$6,757,640 increase during the prior fiscal year. Total revenues from governmental activities increased \$2,901,138 (10%) to \$32,904,830 when compared to the prior fiscal year. Revenue from sales tax grew by \$266,402 indicating a strong growth in commerce in the City. Revenue from property taxes grew by \$1,505,942. The largest revenue growth (\$2,936,370) was from investment earnings in fiscal year 2023. Total governmental activities expenses increased \$6,076,826 (26%) from the prior year.

Below are two graphs summarizing governmental revenue and expense:

Expenses and Program Revenues - Governmental Activities

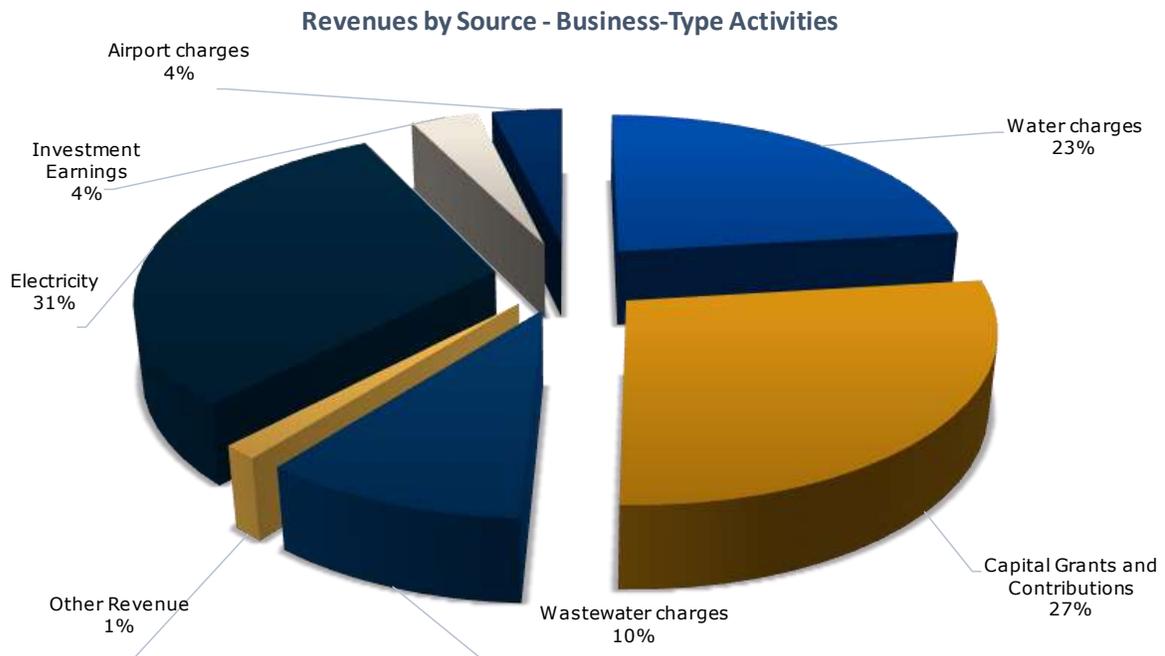
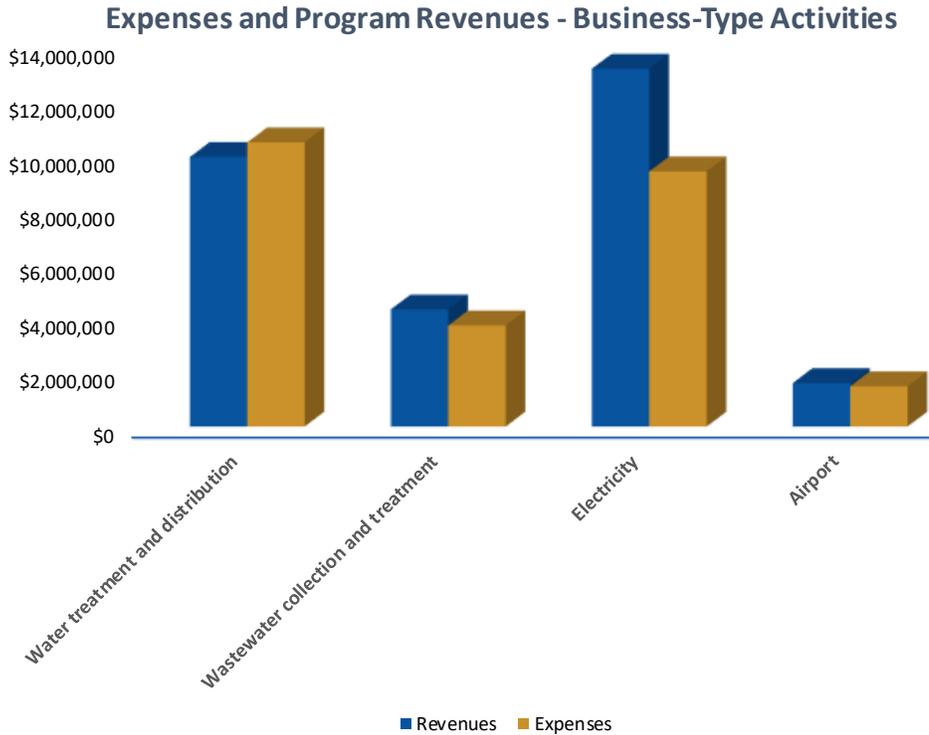


Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased the City's net position by \$17,288,792 in the current fiscal year compared to a increased of \$6,227,976 in the prior fiscal year. The business-type activities total revenues increased overall by \$14,240,130 (49%) to \$43,036,966. The increase in revenues resulted in increases for charges for services of \$1,931,505 and from the increase in capital grants and contributions of \$10,410,504 compared to the prior fiscal year. Investment earnings revenue increased \$1,386,452 primarily as a result of an increase in interest rates. Total business-type activities expense increased \$2,784,229 (13%) to \$25,026,991. The largest increase in expenses was related to water treatment and distribution in the amount of \$1,998,622. The large increase is due to higher operational costs (\$843,719) including chemical cost increase (\$182,690) and water purchase cost increase (\$188,816), along with increased depreciation expense for the water treatment plant.

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



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 \$69,126,047. \$15,217,411 (22%) 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 \$15,217,411. The fund balance of the general fund decreased -\$74,129 compared to an increase of \$2,094,383 in the prior year. Key factors contributing to the decrease in fund balance between the two fiscal years are highlighted below:

- Revenues increased \$1,121,883 (5%). Property tax increased \$492,983 or 16%, licenses and permits increased 484,611 or 69%, investment earnings increased 662,370 or 430%. Sales tax shows a decline of \$736,481 because November collection for September sales was recognized as available resources in FY 2022, as a result, 13 months of sales tax was recorded in FY 2022.
- Expenditures increased \$2,698,614 (15%) with the largest increase attributable to an investment in IT infrastructure and the renovation of City Hall. In July 2023, the City of Granbury experienced a security breach when an unidentified individual attempted to deploy Ransomware. Despite the threat to disable the City's security system, there was no evidence to suggest that the Malware was executed successfully. As a precautionary measure, the City temporarily took all systems offline and implemented a complete network redesign with enhanced security controls.
- Transfers out increased \$575,947 due to the increased transfer to the airport fund to support the Runway Expansion project.

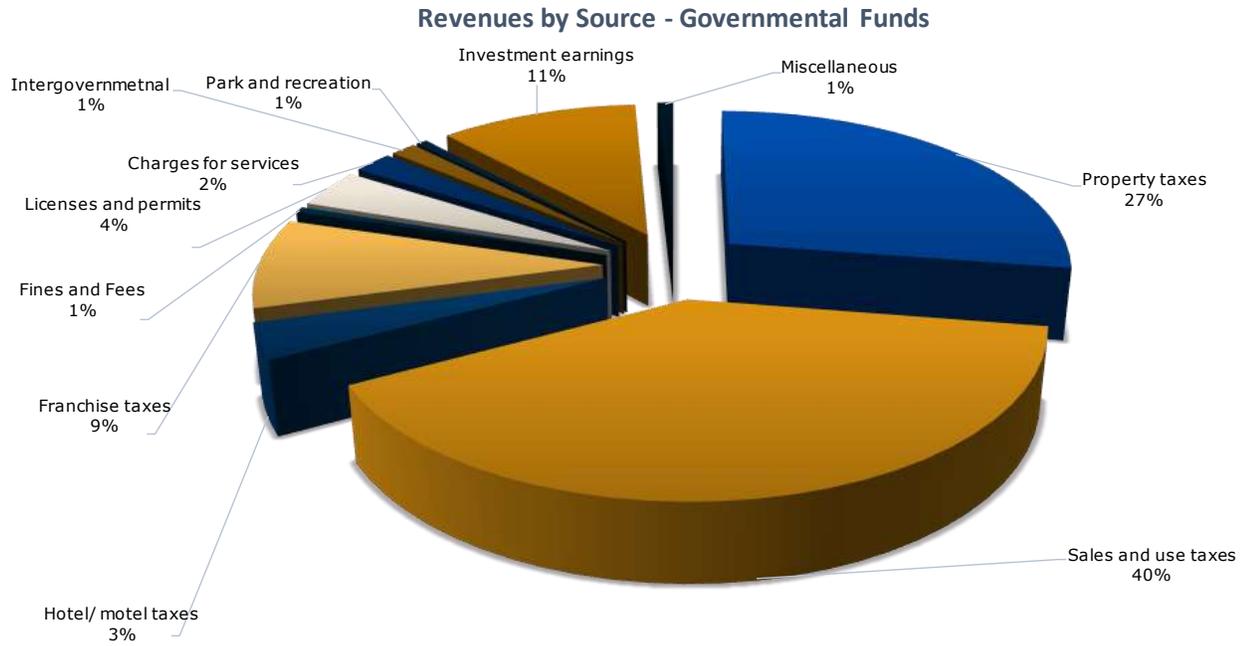
Below is a comparison of the general fund's net change in fund balance for 2023 and 2022.

	2023	2022	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property	\$ 3,497,798	\$ 3,004,815	\$ 492,983	16%
Sales and use taxes	12,345,857	13,082,338	(736,481)	-6%
Franchise	2,747,388	2,491,629	255,759	10%
Fines and fees	183,496	206,727	(23,231)	-11%
Licenses and permits	1,182,973	698,362	484,611	69%
Charges for service	29,079	139,769	(110,690)	-79%
Intergovernmental revenue	434,045	177,411	256,634	145%
Park and recreation	194,127	197,734	(3,607)	-2%
Interest income	816,385	154,015	662,370	430%
Other revenue	<u>270,619</u>	<u>427,084</u>	<u>(156,465)</u>	<u>-37%</u>
Total revenues	<u>21,701,767</u>	<u>20,579,884</u>	<u>1,121,883</u>	<u>5%</u>
Expenditures:				
General government	6,822,683	5,343,395	1,479,288	28%
Public safety	8,498,680	8,323,914	174,766	2%
Highways and streets	1,734,579	1,558,287	176,292	11%
Community development	584,096	545,853	38,243	7%
Clean air coalition	66,931	131,582	(64,651)	-49%
Culture and recreation	2,332,842	2,344,977	(12,135)	-1%
Principal	895,439	27,421	868,018	3166%
Interest and other charges	<u>38,793</u>	<u>-</u>	<u>38,793</u>	<u>0%</u>
Total expenditures	<u>20,974,043</u>	<u>18,275,429</u>	<u>2,698,614</u>	<u>15%</u>
Other financing sources (uses):				
SBITA issued	181,426	-	181,426	0%
Leases issued	-	22,805	(22,805)	-100%
Transfers in	1,370,400	1,691,290	(320,890)	-19%
Transfers out	(2,533,815)	(1,957,868)	(575,947)	29%
Insurance recovery	162,298	16,364	145,934	892%
Sale of general capital assets	<u>17,838</u>	<u>17,337</u>	<u>501</u>	<u>3%</u>
Net change in fund balances	<u>\$ (74,129)</u>	<u>\$ 2,094,383</u>	<u>\$ (2,168,512)</u>	<u>-104%</u>

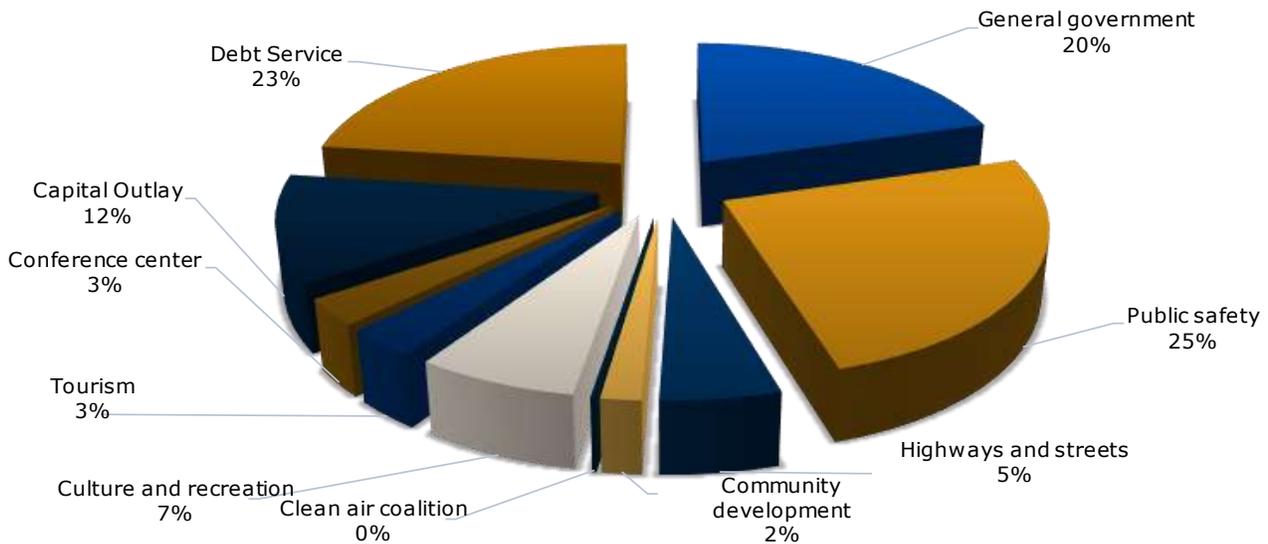
The Debt Service fund has a total fund balance of \$822,004, all of which is restricted for the payment of debt service. Compared to the previous fiscal year, the Debt Service fund balance increased by \$104,234.

The Capital Projects fund has a total fund balance of \$49,298,534. 100% of the fund balance is restricted to be used to fund projects with bond proceeds. Capital Projects fund balance decreased in 2023 by \$2,141,097 primarily due to the construction of projects.

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 \$15,758,671 comprised of the Utility Fund net position of \$10,071,227 and the Airport Fund net position of \$5,687,444. The Utility Fund net position increased by \$3,845,977 in the current fiscal year primarily due to an increase in water and wastewater sales of \$2,403,409 and a decrease of expenses of \$268,079 from the prior year. The Airport experienced a net position increase of \$13,364,536.

Unrestricted net position of the fleet internal service fund was \$545,467. Internal service fund net position increased \$50,225.

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 15%, or \$2,803,673.

General fund actual expenditures budgetary basis were \$1,554,450 less than budgeted. The largest budget variances were \$903,832 for IT and \$222,610 for community development.

CAPITAL ASSETS

The City of Granbury's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$219,595,096 (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 2023 included the following:

Governmental Activities:

- \$896,196 of storm drainage improvements and \$844,200 of street improvements were contributed by developers to the City.
- Vehicles purchased include a truck for Fleet Maintenance and Parks Maintenance each totaling \$59,340, a parks mower for \$8,696 and four fully equipped police vehicles for \$282,575.
- \$119,836 was spent for park improvements.
- \$266,239 was spent on technology upgrades.

Business-Type Activities:

- \$837,290 of water improvements and \$1,534,025 of wastewater system improvements were contributed to the City by developers.
- \$1,003,254 was invested in electric system improvements.
- The City invested \$494,688 to improve the water distribution and sewer collection systems.
- A new bucket truck was purchased for the electric maintenance department for \$311,476, along with a truck for \$71,700. Two trucks were purchased for water operations for \$67,540, and four trucks for wastewater operations at \$142,956.
- The New Airport Runway project was completed during the fiscal year. The City contributed \$11,048,568, combined with TXDOT contributions of \$9,459,576 for a project total of \$20,508,145.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 6,660,750	\$ 6,660,750	\$ 12,851,591	\$ 12,851,591	\$ 19,512,341	\$ 19,512,341
Construction in progress	7,281,463	2,369,506	32,073,783	33,520,619	39,355,246	35,890,125
Buildings	26,961,969	28,407,066	892,904	1,035,637	27,854,873	29,442,703
Right to use - Buildings	88,119	108,853	-	-	88,119	108,853
Improvements other than buildings	32,000,828	31,949,028	94,659,373	75,208,913	126,660,201	107,157,941
Machinery and equipment	3,461,085	3,641,883	1,532,532	1,296,481	4,993,617	4,938,364
Right to use - Machinery and equipment	53,786	74,670	11,525	-	65,311	74,670
Right to use - SBITA	1,019,059	-	46,329	-	1,065,388	-
Total	<u>\$ 77,527,059</u>	<u>\$ 73,211,756</u>	<u>\$ 142,068,037</u>	<u>\$ 123,913,241</u>	<u>\$ 219,595,096</u>	<u>\$ 197,124,997</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 \$157,165,120. Of this amount, \$11,650,000 comprises bonded debt backed by the full faith and credit of the government and \$141,493,000 are certificates of obligation secured by ad valorem taxes and surplus revenues of the utility fund. The financing arrangement of \$1,292,697 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	
	2023	2022	2023	2022	2023	2022
Certificates of Obligation	\$ 66,838,000	\$ 68,926,000	\$ 74,655,000	\$ 77,235,000	\$ 141,493,000	\$ 146,161,000
General Obligation	7,357,500	8,382,500	4,292,500	4,832,500	11,650,000	13,215,000
Issuance Premiums	8,627,877	9,208,329	586,011	665,053		
Texas Capital Fund Loan	-	-	20,693	28,036	20,693	28,036
Notes Payable	-	-	-	1,402,343	-	1,402,343
Financing Arrangements	460,015	656,454	832,682	981,176	1,292,697	1,637,630
Leases	173,486	225,040	19,643	-	193,129	225,040
SBITA	939,626	-	41,361	-	980,987	-
Compensated Absences	1,211,915	771,025	322,699	248,052	1,534,614	1,019,077
Totals	\$ 85,608,419	\$ 88,169,348	\$ 80,770,589	\$ 85,392,160	\$ 157,165,120	\$ 163,688,126

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 3% in fiscal year 2024 compared to the 2022-2023 budget. Sales tax makes up about 47% of the General Fund operating revenues and is budgeted to increase 11% over the fiscal year 2023 budget. Although Granbury continues to outperform previous year actuals in sales tax collections, fiscal year 2024 budget remains on track with fiscal year 2023. The operation and maintenance portion of the property tax revenue is budgeted to increase about 29% (\$1M) from the 2022-2023 budgeted amounts, and the debt service portion of the property tax revenue will remain consistent with fiscal year 2023. Certified assessed property valuations increased approximately \$295 million (13%) from the preceding year, and therefore the City was able to adopted a tax rate of .385000 per \$100. The no-new-revenue tax rate for 2023 for the City is 0.361895. The maintenance and operations portion of the tax rate was increased from \$0.157649 to \$0.186828 and the debt service rate was decreased from \$0.222351 to \$0.198172. The steady increase in property valuations allows the City to hold the tax rate steady. The \$0.005 increase in tax rate compared to the tax rate in adopted in 2022 was necessary to cover the annual cost to purchase two new fire apparatuses. 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 2023, sales tax receipts were up 2.5% when compared to the previous year’s actual collections.

General Fund operating expenditures and transfers-out are budgeted to increase 2% compared to 2022-2023 budgeted amounts. Capital expenditures will increase from \$1,766,627 in fiscal year 2023 to \$1,994,500 in fiscal year 2024. The capital investment for General Fund related projects include secure access control, GIS conversion, IT infrastructure, Comprehensive Plan update, DigiTicket, Flock safety cameras, street improvements, playground expansion and swimming pool refinish. Total budget for the General Fund expenditures is \$25,199,144. 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 decrease 5% compared to the operating revenue budgeted in 2022-2023. This is due to the ARPA funds budgeted in fiscal year 2023. A small CPI rate adjustment was assessed for fiscal year 2024 for both water and sewer rates. Through the current electric power purchase contract which became effective as of January 2018, the City has been able to offer a very 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 annual operating 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 operating expenditures budgeted for the Utility Fund in fiscal year 2023-2024 has decreased 3%. Capital projects for both the General Fund and the Utility Fund are budgeted out of the General and Utility Capital Projects Funds. 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,962,748	\$ 2,119,107	\$ 4,081,855
Investments	16,916,414	14,400,700	31,317,114
Receivables (net of allowance for uncollectibles):			
Property taxes	84,199	-	84,199
Franchise taxes	476,243	-	476,243
Accounts	-	6,804,022	6,804,022
Leases	2,022,260	1,142,194	3,164,454
Due from other governments	2,012,009	-	2,012,009
Fines and fees receivables	144,211	-	144,211
Miscellaneous receivables	294,512	160,502	455,014
Interest	10,050	43,172	53,222
Internal balances	14,873	(14,873)	-
Prepaid items	120,068	938,951	1,059,019
Inventories	114,377	1,537,655	1,652,032
Restricted assets:			
Cash and cash equivalents	429,056	1,099,353	1,528,409
Investments	51,088,234	12,432,643	63,520,877
Capital assets:			
Nondepreciable	13,942,213	44,925,374	58,867,587
Depreciable, net	<u>63,584,846</u>	<u>97,142,663</u>	<u>160,727,509</u>
Total capital assets	<u>77,527,059</u>	<u>142,068,037</u>	<u>219,595,096</u>
Total assets	<u>153,216,313</u>	<u>182,731,463</u>	<u>335,947,776</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	375,843	-	375,843
Pension plan - TMRS	4,739,284	1,262,848	6,002,132
Pension plan - TESRS	330,371	-	330,371
OPEB - TMRS supplemental death benefit	<u>77,786</u>	<u>20,729</u>	<u>98,515</u>
Total deferred outflows of resources	<u>5,523,284</u>	<u>1,283,577</u>	<u>6,806,861</u>
LIABILITIES			
Accounts payable	2,478,850	4,475,668	6,954,518
Accrued liabilities	180,658	63,764	244,422
Unearned revenue	687,530	2,566,802	3,254,332
Interest payable	418,796	189,659	608,455
Customer deposits	1,475	1,313,485	1,314,960
Noncurrent liabilities:			
Due within one year:			
Long-term debt	4,710,535	3,489,495	8,200,030
Due in more than one year:			
Long-term debt	80,897,884	77,281,094	158,178,978
Net pension liability - TMRS	9,984,149	2,660,417	12,644,566
Net pension liability - TESRS	605,604	-	605,604
Total OPEB liability - TMRS supplemental death benefit	<u>423,177</u>	<u>112,761</u>	<u>535,938</u>
Total liabilities	<u>100,388,658</u>	<u>92,153,145</u>	<u>192,541,803</u>

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

CITY OF GRANBURY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Related to leases	-	1,101,763	1,101,763
Pension plan - TESRS	3,045	-	3,045
OPEB - TMRS supplemental death benefit	<u>194,666</u>	<u>51,872</u>	<u>246,538</u>
Total deferred inflows of resources	<u>197,711</u>	<u>1,153,635</u>	<u>1,351,346</u>
NET POSITION			
Net investment in capital assets	42,887,572	71,019,468	113,907,040
Restricted for:			
Debt service	447,099	704,826	1,151,925
Impact fees for capital improvements	-	3,225,295	3,225,295
Public safety	125,296	-	125,296
Culture and recreation	1,504,829	-	1,504,829
Public, educational, and governmental programming	68,240	-	68,240
Court technology and security	129,818	-	129,818
Unrestricted	<u>12,990,374</u>	<u>15,758,671</u>	<u>28,749,045</u>
Total net position	<u>\$ 58,153,228</u>	<u>\$ 90,708,260</u>	<u>\$ 148,861,488</u>

CITY OF GRANBURY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 7,695,993	\$ -	\$ 22,519	\$ -
Public safety	9,193,643	180,540	143,242	-
Highways and streets	3,274,033	-	139,191	1,870,999
Community development	628,696	1,203,152	-	-
Clean air coalition	33,155	-	-	-
Culture and recreation	3,043,922	203,027	-	-
Tourism	1,715,589	40,422	-	-
Conference center	1,036,030	549,532	-	-
Interest on long-term debt	3,027,915	-	-	-
Total governmental activities	<u>29,648,976</u>	<u>2,176,673</u>	<u>304,952</u>	<u>1,870,999</u>
Business-type activities:				
Water treatment and distribution	10,451,443	9,910,577	46,180	837,290
Wastewater collection and treatment	3,716,435	4,304,790	-	1,534,025
Electricity	9,380,832	13,156,581	-	-
Airport	1,478,281	1,599,176	48,733	9,459,576
Total business-type activities	<u>25,026,991</u>	<u>28,971,124</u>	<u>94,913</u>	<u>11,830,891</u>
Total primary government	<u>\$ 54,675,967</u>	<u>\$ 31,147,797</u>	<u>\$ 399,865</u>	<u>\$ 13,701,890</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

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

Net (Expense) Revenues and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (7,673,474)	\$ -	\$ (7,673,474)
(8,869,861)	-	(8,869,861)
(1,263,843)	-	(1,263,843)
574,456	-	574,456
(33,155)	-	(33,155)
(2,840,895)	-	(2,840,895)
(1,675,167)	-	(1,675,167)
(486,498)	-	(486,498)
<u>(3,027,915)</u>	<u>-</u>	<u>(3,027,915)</u>
<u>(25,296,352)</u>	<u>-</u>	<u>(25,296,352)</u>
-	342,604	342,604
-	2,122,380	2,122,380
-	3,775,749	3,775,749
-	9,629,204	9,629,204
<u>-</u>	<u>15,869,937</u>	<u>15,869,937</u>
<u>(25,296,352)</u>	<u>15,869,937</u>	<u>(9,426,415)</u>
3,580,610	-	3,580,610
4,941,335	-	4,941,335
12,345,857	-	12,345,857
1,087,725	-	1,087,725
2,809,831	-	2,809,831
3,421,509	1,547,557	4,969,066
17,838	-	17,838
347,501	592,481	939,982
721,183	(721,183)	-
<u>29,273,389</u>	<u>1,418,855</u>	<u>30,692,244</u>
3,977,037	17,288,792	21,265,829
<u>54,176,191</u>	<u>73,419,468</u>	<u>127,595,659</u>
<u>\$ 58,153,228</u>	<u>\$ 90,708,260</u>	<u>\$ 148,861,488</u>

CITY OF GRANBURY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General Fund	Debt Service
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 120,846	\$ 709,656
Investments	15,923,345	7,672
Receivables (net of allowance for uncollectibles):		
Property taxes	35,653	48,546
Franchise taxes	476,243	-
Leases	1,966,133	-
Due from other governments	2,012,009	-
Fines and fees receivables	144,211	-
Miscellaneous receivables	131,542	-
Interest	10,050	-
Due from other funds	552,227	3,245
Inventories	108,248	-
Prepaid items	94,986	-
Restricted assets:		
Cash and cash equivalents	383,908	-
Investments	-	147,734
Total assets	<u>21,959,401</u>	<u>916,853</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities:		
Accounts payable	1,193,248	1,529
Accrued liabilities	167,681	-
Customer deposits	275	-
Unearned revenue	615,095	-
Due to other funds	25,723	48,355
Total liabilities	<u>2,002,022</u>	<u>49,884</u>
Deferred Inflows of Resources		
Related to leases	1,914,735	-
Unavailable revenues - property taxes	33,114	44,965
Unavailable revenues - franchise taxes	476,243	-
Unavailable revenues - court fines	144,211	-
Total deferred inflows of resources	<u>2,568,303</u>	<u>44,965</u>

Capital Projects	Other Governmental Fund	Total Governmental Funds
\$ -	\$ 909,700	\$ 1,740,202
-	662,476	16,593,493
-	-	84,199
-	-	476,243
-	56,127	2,022,260
-	-	2,012,009
-	-	144,211
-	151,163	282,705
-	-	10,050
-	82,640	638,112
-	6,129	114,377
-	25,082	120,068
45,148	-	429,056
<u>50,940,500</u>	<u>-</u>	<u>51,088,234</u>
<u>50,985,648</u>	<u>1,893,317</u>	<u>75,755,219</u>
1,149,760	134,313	2,478,850
-	12,977	180,658
-	1,200	1,475
-	72,435	687,530
<u>537,354</u>	<u>-</u>	<u>611,432</u>
<u>1,687,114</u>	<u>220,925</u>	<u>3,959,945</u>
-	55,959	1,970,694
-	-	78,079
-	-	476,243
-	-	144,211
<u>-</u>	<u>55,959</u>	<u>2,669,227</u>

CITY OF GRANBURY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES (continued)		
Fund balances:		
Nonspendable:		
Inventories	108,248	-
Prepaid items	94,986	-
Restricted:		
Debt service	-	822,004
Construction	-	-
Police training, K9 program, and forfeiture funds	125,296	-
Park improvements	323,967	-
Public, educational, and governmental programming	68,240	-
Tourism	-	-
Court technology and security	129,818	-
Committed:		
Culture and recreation	-	-
General government	629,996	-
Police	288,822	-
Fire	45,288	-
Streets	10,139	-
Parks	122,398	-
Assigned:		
Cemetery gas well	224,467	-
Unassigned	<u>15,217,411</u>	<u>-</u>
Total fund balances	<u>17,389,076</u>	<u>822,004</u>
Total liabilities, Deferred inflows of resources, and fund balances	<u>\$ 21,959,401</u>	<u>\$ 916,853</u>

<u>Capital Projects</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
-	6,129	114,377
-	25,082	120,068
-	-	822,004
49,298,534	82,640	49,381,174
-	-	125,296
-	-	323,967
-	-	68,240
-	1,180,862	1,180,862
-	-	129,818
-	321,720	321,720
-	-	629,996
-	-	288,822
-	-	45,288
-	-	10,139
-	-	122,398
-	-	224,467
-	-	15,217,411
<u>49,298,534</u>	<u>1,616,433</u>	<u>69,126,047</u>
<u>\$ 50,985,648</u>	<u>\$ 1,893,317</u>	<u>\$ 75,755,219</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, 2023

Total fund balance, governmental funds \$ 69,126,047

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. 76,408,986

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	1,970,694
Unavailable revenue - property taxes	78,079
Unavailable revenue - franchise taxes	476,243
Unavailable revenue - court fines	144,211

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. 1,663,540

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	(74,195,500)
Financing arrangements	(460,015)
Leases	(173,486)
SBITA	(939,626)
Premium/discount on bonds payable	(8,627,877)
Accrued long-term interest	(418,796)
Compensated absences	(1,211,915)

Deferred charges for refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds. 375,843

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	4,739,284
Deferred outflows related to pensions - TESRS	330,371
Deferred outflows related to OPEB	77,786
Net Pension Liability - TMRS	(9,984,149)
Net Pension Liability - TESRS	(605,604)
Total OPEB Liability	(423,177)
Deferred inflows related to pensions - TMRS	-
Deferred inflows related to pensions - TESRS	(3,045)
Deferred inflows related to OPEB	<u>(194,666)</u>

Net position of governmental activities in the statement of net position \$ 58,153,228

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service</u>
REVENUES		
Taxes:		
Property taxes	\$ 3,497,798	\$ 4,942,976
Sales and use taxes	12,345,857	-
Hotel/motel taxes	-	-
Franchise taxes	2,747,388	-
Fines and fees	183,496	-
License and permits	1,182,973	-
Charges for services	29,079	-
Intergovernmental	434,045	-
Park and recreation	194,127	-
Investment earnings	816,385	103,479
Miscellaneous	270,619	-
Total revenues	<u>21,701,767</u>	<u>5,046,455</u>
EXPENDITURES		
Current:		
General government	6,822,683	-
Public safety	8,498,680	-
Highways and streets	1,734,579	-
Community development	584,096	-
Clean air coalition	66,931	-
Culture and recreation	2,332,842	-
Tourism	-	-
Conference center	-	-
Capital outlay	-	-
Debt service:		
Principal	895,439	3,309,439
Interest and other charges	38,793	3,505,888
Total expenditures	<u>20,974,043</u>	<u>6,815,327</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>727,724</u>	<u>(1,768,872)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of SBITA	181,426	-
Transfers in	1,370,400	1,873,106
Transfers out	(2,533,815)	-
Insurance recovery	162,298	-
Sale of general capital assets	17,838	-
Total other financing sources (uses)	<u>(801,853)</u>	<u>1,873,106</u>
NET CHANGE IN FUND BALANCES	(74,129)	104,234
FUND BALANCES, BEGINNING	<u>17,463,205</u>	<u>717,770</u>
FUND BALANCES, ENDING	<u>\$ 17,389,076</u>	<u>\$ 822,004</u>

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

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 82,640	\$ 8,523,414
-	-	12,345,857
-	1,087,725	1,087,725
-	-	2,747,388
-	-	183,496
-	-	1,182,973
-	634,721	663,800
-	-	434,045
-	-	194,127
2,444,038	30,885	3,394,787
-	538	271,157
<u>2,444,038</u>	<u>1,836,509</u>	<u>31,028,769</u>
-	76,939	6,899,622
-	-	8,498,680
-	-	1,734,579
-	-	584,096
-	-	66,931
-	-	2,332,842
-	1,050,523	1,050,523
-	984,999	984,999
3,928,907	-	3,928,907
-	21,819	4,226,697
-	866	3,545,547
<u>3,928,907</u>	<u>2,135,146</u>	<u>33,853,423</u>
<u>(1,484,869)</u>	<u>(298,637)</u>	<u>(2,824,654)</u>
-	-	181,426
-	667,720	3,911,226
(656,228)	-	(3,190,043)
-	-	162,298
-	-	17,838
<u>(656,228)</u>	<u>667,720</u>	<u>1,082,745</u>
(2,141,097)	369,083	(1,741,909)
<u>51,439,631</u>	<u>1,247,350</u>	<u>70,867,956</u>
<u>\$ 49,298,534</u>	<u>\$ 1,616,433</u>	<u>\$ 69,126,047</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, 2023

Net change in fund balances - total governmental funds: \$ (1,741,909)

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	7,771,840
Depreciation expense	(5,115,136)

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. (72,703)

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. 4,045,271

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	488,796
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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	28,836
Changes in accrued compensated absences	(440,890)

Pension expense does not represent a use of current resources and is not recognized in the fund financial statements. (930,187)

OPEB expense does not represent a use of current resources and is not recognized in the fund financial statements. (28,827)

The net revenue (expense) of certain activities of internal service funds is reported with governmental activities. (28,054)

Change in net position of governmental activities \$ 3,977,037

CITY OF GRANBURY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Utility Fund</u>	<u>Airport Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 740,640	\$ 1,378,467	\$ 2,119,107	\$ 222,546
Investments	9,932,488	4,468,212	14,400,700	322,921
Receivables (net of allowance for uncollectibles):				
Accounts	6,804,022	-	6,804,022	-
Leases	-	1,142,194	1,142,194	-
Miscellaneous receivables	20,606	139,896	160,502	-
Interest	43,172	-	43,172	-
Prepaid items	938,951	-	938,951	-
Inventories	1,433,642	104,013	1,537,655	-
Restricted assets:				
Cash and cash equivalents	1,099,353	-	1,099,353	-
Investments	<u>12,432,643</u>	<u>-</u>	<u>12,432,643</u>	<u>-</u>
Total current assets	<u>33,445,517</u>	<u>7,232,782</u>	<u>40,678,299</u>	<u>545,467</u>
Non-current assets:				
Capital assets:				
Land	3,425,413	9,426,178	12,851,591	-
Construction in progress	30,968,131	1,105,652	32,073,783	-
Buildings	1,527,687	90,763	1,618,450	-
Improvement other than buildings	115,587,701	24,241,630	139,829,331	-
Machinery and equipment	4,842,107	344,270	5,186,377	3,093,872
Right to use - machinery and equipment	16,076	3,916	19,992	-
Right to use - SBITA	21,721	49,107	70,828	-
Less accumulated depreciation	<u>(47,436,471)</u>	<u>(3,030,211)</u>	<u>(50,466,682)</u>	<u>(1,091,432)</u>
Total non-current assets	<u>108,952,365</u>	<u>32,231,305</u>	<u>141,183,670</u>	<u>2,002,440</u>
Total assets	<u>142,397,882</u>	<u>39,464,087</u>	<u>181,861,969</u>	<u>2,547,907</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan - TMRS	1,216,032	46,816	1,262,848	-
OPEB - TMRS supplemental death benefit	<u>19,960</u>	<u>769</u>	<u>20,729</u>	<u>-</u>
Total deferred outflows of resources	<u>1,235,992</u>	<u>47,585</u>	<u>1,283,577</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, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	4,150,805	324,863	4,475,668	-
Accrued liabilities	61,191	2,573	63,764	-
Unearned revenue	2,566,420	382	2,566,802	-
Due to other funds	14,873	-	14,873	-
Interest payable	189,659	-	189,659	-
Customer deposits	1,301,685	11,800	1,313,485	-
Current portion of long-term debt:				
Accrued compensated absences	110,355	18,725	129,080	-
Texas capital fund loan	8,010	-	8,010	-
Financing arrangements	124,103	35,146	159,249	-
Leases payable	5,799	1,514	7,313	-
SBITA payable	7,072	21,271	28,343	-
Bonds payable	<u>3,157,500</u>	<u>-</u>	<u>3,157,500</u>	<u>-</u>
Total current liabilities	<u>11,697,472</u>	<u>416,274</u>	<u>12,113,746</u>	<u>-</u>
Non-current liabilities:				
Accrued compensated absences	165,533	28,086	193,619	-
Texas capital fund loan	12,683	-	12,683	-
Financing arrangements	540,574	132,859	673,433	-
Leases payable	9,785	2,545	12,330	-
SBITA payable	7,239	5,779	13,018	-
Bonds payable	76,376,011	-	76,376,011	-
Net pension liability - TMRS	2,561,789	98,628	2,660,417	-
Total OPEB liability - TMRS				
supplemental death benefit	<u>108,581</u>	<u>4,180</u>	<u>112,761</u>	<u>-</u>
Total non-current liabilities	<u>79,782,195</u>	<u>272,077</u>	<u>80,054,272</u>	<u>-</u>
Total liabilities	<u>91,479,667</u>	<u>688,351</u>	<u>92,168,018</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Related to leases	-	1,101,763	1,101,763	-
OPEB - TMRS supplemental death benefit	<u>49,949</u>	<u>1,923</u>	<u>51,872</u>	<u>-</u>
Total deferred inflows of resources	<u>49,949</u>	<u>1,103,686</u>	<u>1,153,635</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	38,102,910	32,032,191	70,135,101	2,002,440
Restricted for capital projects				
Debt service	704,826	-	704,826	-
Impact fees for capital improvements - water	1,533,837	-	1,533,837	-
Impact fees for capital improvements - wastewater	1,691,458	-	1,691,458	-
Unrestricted	<u>10,071,227</u>	<u>5,687,444</u>	<u>15,758,671</u>	<u>545,467</u>
Total net position	<u>\$ 52,104,258</u>	<u>\$ 37,719,635</u>	<u>\$ 89,823,893</u>	<u>\$ 2,547,907</u>

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

CITY OF GRANBURY, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Utility Fund</u>	<u>Airport Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Reconciliation to government-wide Statement of Net Position:				
Total Net Position	\$ 52,104,258	\$ 37,719,635	\$ 89,823,893	
Adjustment to reflect the consolidation of Internal Service Funds activities related to enterprise funds	<u>868,967</u>	<u>15,400</u>	<u>884,367</u>	
	<u>\$ 52,973,225</u>	<u>\$ 37,735,035</u>	<u>\$ 90,708,260</u>	

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Airport Fund	Totals	Internal Service Fund
OPERATING REVENUES				
Charges for services:				
Water and wastewater sales	\$ 13,910,054	\$ -	\$ 13,910,054	\$ -
Electricity sales	13,156,581	-	13,156,581	-
Airport services	-	1,599,176	1,599,176	-
Impact fees	305,313	-	305,313	-
Miscellaneous	<u>518,723</u>	<u>56,131</u>	<u>574,854</u>	<u>470,442</u>
Total operating revenues	<u>27,890,671</u>	<u>1,655,307</u>	<u>29,545,978</u>	<u>470,442</u>
OPERATING EXPENSES				
Administration	1,187,350	-	1,187,350	-
Airport	-	1,252,207	1,252,207	-
Water treatment and distribution	4,836,584	-	4,836,584	-
Wastewater collection and treatment	1,950,843	-	1,950,843	-
Electricity	6,748,491	-	6,748,491	-
Meter reading	298,181	-	298,181	-
Utility franchise fees	1,613,882	-	1,613,882	-
Depreciation	<u>5,459,182</u>	<u>241,474</u>	<u>5,700,656</u>	<u>446,939</u>
Total operating expenses	<u>22,094,513</u>	<u>1,493,681</u>	<u>23,588,194</u>	<u>446,939</u>
OPERATING INCOME	<u>5,796,158</u>	<u>161,626</u>	<u>5,957,784</u>	<u>23,503</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	1,367,651	179,906	1,547,557	26,722
Intergovernmental revenue	46,180	48,733	94,913	-
Interest expense	<u>(1,489,605)</u>	<u>(27,471)</u>	<u>(1,517,076)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(75,774)</u>	<u>201,168</u>	<u>125,394</u>	<u>26,722</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>5,720,384</u>	<u>362,794</u>	<u>6,083,178</u>	<u>50,225</u>
Capital grants and contributions	2,371,315	9,459,576	11,830,891	-
Transfers in	-	3,542,166	3,542,166	-
Transfers out	<u>(4,263,349)</u>	<u>-</u>	<u>(4,263,349)</u>	<u>-</u>
Insurance recovery or proceeds	<u>17,627</u>	<u>-</u>	<u>17,627</u>	<u>-</u>
CHANGE IN NET POSITION	<u>3,845,977</u>	<u>13,364,536</u>	<u>17,210,513</u>	<u>50,225</u>
NET POSITION, BEGINNING	<u>48,258,281</u>	<u>24,355,099</u>	<u>72,613,380</u>	<u>2,497,682</u>
NET POSITION, ENDING	<u>\$ 52,104,258</u>	<u>\$ 37,719,635</u>	<u>\$ 89,823,893</u>	<u>\$ 2,547,907</u>
Reconciliation to government-wide Statement of Activities:				
Change in Net Position	\$ 3,845,977	\$ 13,364,536	\$ 17,210,513	
Adjustment to reflect the consolidation of Internal Service Funds activities related to enterprise funds	<u>62,879</u>	<u>15,400</u>	<u>78,279</u>	
	<u>\$ 3,908,856</u>	<u>\$ 13,379,936</u>	<u>\$ 17,288,792</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, 2023

	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	\$ 23,631,727	\$ 1,625,688	\$ 25,257,415	\$ -
Receipts from interfund services provided	-	-	-	470,442
Payments to employees	(4,071,000)	(221,409)	(4,292,409)	-
Payments to suppliers	<u>(12,840,661)</u>	<u>(805,847)</u>	<u>(13,646,508)</u>	<u>(13,818)</u>
Net cash provided (used) by operating activities	<u>6,720,066</u>	<u>598,432</u>	<u>7,318,498</u>	<u>456,624</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from note payable	-	-	-	-
Transfers to other funds	(4,263,349)	-	(4,263,349)	-
Transfers from other funds	-	3,542,166	3,542,166	-
Operating grants and contributions	<u>46,180</u>	<u>48,733</u>	<u>94,913</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(4,217,169)</u>	<u>3,590,899</u>	<u>(626,270)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Issuance of capital related debt	66,629	31,109	97,738	-
Principal paid on long-term debt	(4,765,574)	(28,382)	(4,793,956)	-
Capital grants and contributions	2,371,315	9,459,576	11,830,891	-
Insurance proceeds	17,627	-	17,627	-
Acquisition and construction of capital assets	(13,056,480)	(10,333,528)	(23,390,008)	(947,078)
Interest paid on capital debt	<u>(1,472,259)</u>	<u>(27,471)</u>	<u>(1,499,730)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(16,838,742)</u>	<u>(898,696)</u>	<u>(17,737,438)</u>	<u>(947,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	6,742,587	-	6,742,587	177,520
Purchase of investments	2,694,923	(2,890,246)	(195,323)	-
Interest received	<u>1,367,651</u>	<u>179,906</u>	<u>1,547,557</u>	<u>26,722</u>
Net cash provided by investing activities	<u>10,805,161</u>	<u>(2,710,340)</u>	<u>8,094,821</u>	<u>204,242</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(3,530,684)</u>	<u>580,295</u>	<u>(2,950,389)</u>	<u>(286,212)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,370,677</u>	<u>798,172</u>	<u>6,168,849</u>	<u>508,758</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,839,993</u>	<u>\$ 1,378,467</u>	<u>\$ 3,218,460</u>	<u>\$ 222,546</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, 2023

	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)	\$ 5,796,158	\$ 161,626	\$ 5,957,784	\$ 23,503
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	5,459,182	241,474	5,700,656	446,939
Decrease (increase) in accounts receivable	(4,353,336)	-	(4,353,336)	-
Decrease (increase) in interest receivable	(39,958)	-	(39,958)	-
Decrease (increase) in miscellaneous receivables	33,433	(7,272)	26,161	-
Decrease (increase) in lease receivables	-	61,105	61,105	-
Decrease (increase) in prepaid items	(4,985)	-	(4,985)	-
Decrease (increase) in inventory	(33,837)	(26,106)	(59,943)	-
Decrease (increase) in deferred outflows of resources relating to pensions	(560,434)	(23,306)	(583,740)	-
Decrease (increase) in deferred outflows of resources relating to OPEB	10,873	337	11,210	-
Increase (decrease) in accrued liabilities	23,546	894	24,440	-
Increase (decrease) in accounts payable	(445,922)	227,414	(218,508)	(13,818)
Increase (decrease) in customer deposits	182,463	942	183,405	-
Increase (decrease) in unearned revenue	(81,546)	50	(81,496)	-
Increase (decrease) in compensated absences	60,284	14,363	74,647	-
Increase (decrease) in net pension liability	1,328,502	54,402	1,382,904	-
Increase (decrease) in total OPEB liability	(60,550)	(1,885)	(62,435)	-
Increase (decrease) in deferred inflows of leases	-	(84,444)	(84,444)	-
Increase (decrease) in deferred inflows of resources relating to pensions	(636,131)	(22,812)	(658,943)	-
Increase (decrease) in deferred inflows of resources relating to OPEB	42,324	1,650	43,974	-
Net cash provided (used) by operating activities	<u>\$ 6,720,066</u>	<u>\$ 598,432</u>	<u>\$ 7,318,498</u>	<u>\$ 456,624</u>

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

CITY OF GRANBURY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

SEPTEMBER 30, 2023

	<u>Employee Benefits Trust</u>
ASSETS	
Cash and cash equivalents	\$ 363,119
Investments	<u>202,849</u>
Total assets	<u>565,968</u>
LIABILITIES	
Accounts payable	5,784
Due to other funds	<u>11,807</u>
Total liabilities	<u>17,591</u>
NET POSITION	
Restricted for contracting entity	<u>548,377</u>
Total net position	<u>\$ 548,377</u>

CITY OF GRANBURY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Employee Benefits Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,855,477
Employees	336,970
Investment earnings	<u>7,812</u>
Total additions	<u>2,200,259</u>
DEDUCTIONS	
Insurance premiums	<u>2,068,044</u>
Total expenses	<u>2,068,044</u>
CHANGE IN NET POSITION	132,215
NET POSITION, BEGINNING	<u>416,162</u>
NET POSITION, ENDING	<u>\$ 548,377</u>

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CITY OF GRANBURY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 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 (tangible and intangible), which include property, plant and equipment, and infrastructure, and right to use 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.

Capital assets of the primary government and proprietary funds are depreciated/amortized 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
Right to use - subscriptions	2-4 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 and Subscription-Based Information Technology Arrangements

The City is a lessee for a noncancellable lease of equipment, vehicles, and IT arrangements (SBITAs). 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 or SBITA, 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 and SBITAs 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 agreement term includes the noncancellable period of the lease or SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District 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 and SBITA 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 noncancellable 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. Deferred Outflows and 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, represents 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, represents 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.

9. 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 is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

10. 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.

11. 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.

12. 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.

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.

13. 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.

14. Use of Estimates

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

15. 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.

16. Change in Accounting Principle

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was adopted effective July 1, 2022. The statement addresses accounting and financial reporting for SBITA contracts. Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to SBITA 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 beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

II. 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, 2023, 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, and the Texas Fixed Income Trust (Texas FIT) 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 people 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 people 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.

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, 2023, 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, 2023 included the following:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>% of Total Investments</u>	<u>Carrying Value</u>
TexPool	AAAm	26 days	2.76%	\$ 2,425,000
Texas Class	AAAm	72 days	50.32%	44,285,582
Texas Fit	AAAf	25 days	43.44%	38,233,538
TexStar	AAAm	29 days	3.48%	3,065,018
			<u>100.00%</u>	<u>\$ 88,009,138</u>

Reconciliation to financial statements

Investments of Primary Government	\$ 31,317,114
Investments Restricted of Primary Government	63,520,877
Investments in Fiduciary Funds	202,849
Less: BOK Financial Short-Term Cash	(7,031,702)
	<u>\$ 88,009,138</u>

B. Restricted Assets

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

	<u>Cash</u>	<u>Investments</u>
Governmental Activities		
PEG Fees	\$ 68,240	\$ -
Police forfeitures	73,820	-
Trust and agency	241,848	-
Construction	45,148	51,088,234
Total	<u>\$ 429,056</u>	<u>\$ 51,088,234</u>
Business-type Activities		
Impact fees restricted for capital improvements	\$ 316,702	\$ 2,902,816
Revenue bond reserve	16,484	890,018
Bond construction fund	766,167	8,639,809
Total	<u>\$ 1,099,353</u>	<u>\$ 12,432,643</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:

	<u>General</u>	<u>Debt Service</u>	<u>Tourism</u>	<u>Total Governmental Funds</u>	<u>Total Enterprise Funds</u>
Receivables:					
Property Taxes	\$ 41,807	\$ 56,926	\$ -	\$ 98,733	\$ -
Franchise Taxes	476,243	-	-	476,243	-
Leases	1,966,133	-	56,127	2,022,260	1,142,194
Accounts Receivable	-	-	-	-	5,758,608
Earned income not billed	-	-	-	-	1,133,059
Fines and fees receivable	721,052	-	-	721,052	-
Due from other governments	2,012,009	-	-	2,012,009	-
Miscellaneous	131,542	-	151,163	282,705	160,502
Interest	10,050	-	-	10,050	43,172
Gross receivables	5,358,836	56,926	207,290	5,623,052	8,237,535
Less: allowance for uncollectibles	(582,995)	(8,380)	-	(591,375)	(87,645)
Net total receivables	<u>\$ 4,775,841</u>	<u>\$ 48,546</u>	<u>\$ 207,290</u>	<u>\$ 5,031,677</u>	<u>\$ 8,149,890</u>

D. Lease Receivables

A summary of lease receivables as of September 30, 2023, are as follows:

Purpose of Lease	Amount of Initial Receivable	Revenue Current Year	Receivable 9/30/2023
Governmental Activities:			
Land Improvements	\$ 195,979	\$ 3,804	\$ 192,175
Infrastructure	964,162	9,942	954,220
Buildings	17,809	3,562	14,247
Buildings (Tourism Fund)	145,493	89,366	56,127
Land	908,247	102,756	805,491
	<u>\$ 2,231,690</u>	<u>\$ 209,430</u>	<u>\$ 2,022,260</u>
Business-Type Activities:			
Buildings	\$ 711,889	\$ 105,842	\$ 606,047
Land	554,752	18,605	536,147
	<u>\$ 1,266,641</u>	<u>\$ 124,447</u>	<u>\$ 1,142,194</u>

E. Interfund Receivable, Payables and Transfers

The composition of interfund balances for the City's individual major funds and nonmajor funds as of September 30, 2023, is as follows:

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Capital Projects Fund	\$ 537,354	Short term loan
General Fund	Utility Fund	14,873	Warehouse inventory
Debt Service Fund	General Fund	3,245	Short term loan
TIRZ	General Fund	22,478	Short term loan
TIRZ	Debt Service	48,355	Short term loan
TIRZ	Employee Trust	11,807	Short term loan
		<u>\$ 638,112</u>	

The composition of interfund transfers for the City's individual major funds and nonmajor funds as of September 30, 2023, is as follows:

Transfers In	Transfers Out	Amount	Reason
General Fund	Utility	\$ 1,370,400	Operations and projects
Debt Service	General Fund	214,657	Debt Service
Debt Service	Utility	1,658,449	Debt Service
Nonmajor	General Fund	667,720	Operations and projects
Airport	General Fund	1,651,438	Unrestricted general fund balance to fund airport FBO
Airport	Capital Projects	656,228	Operations and projects
Airport	Utility	<u>1,234,500</u>	Unrestricted utility fund balance to fund utility infrastructure at the airport
		<u>\$ 7,453,392</u>	

F. Capital Assets

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

	Balance 9/30/2022	Additions	Deletions	Transfers	Balance 9/30/2023
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 6,660,750	\$ -	\$ -	\$ -	\$ 6,660,750
Construction in progress	<u>2,369,506</u>	<u>6,176,187</u>	<u>-</u>	<u>(1,264,230)</u>	<u>7,281,463</u>
Total capital assets, not being depreciated	<u>9,030,256</u>	<u>6,176,187</u>	<u>-</u>	<u>(1,264,230)</u>	<u>13,942,213</u>
Capital assets being depreciated:					
Buildings	39,739,345	-	-	73,326	39,812,671
Right to use - buildings	129,587	-	-	-	129,587
Improvements other than buildings	70,344,618	1,741,906	-	377,087	72,463,611
Machinery and equipment	15,499,999	-	-	813,817	16,313,816
Right to use - machinery and equipment	94,642	-	(5,348)	-	89,294
Right to use - SBITA	<u>1,623,904</u>	<u>188,151</u>	<u>-</u>	<u>-</u>	<u>1,812,055</u>
Total capital assets being depreciated	<u>127,432,095</u>	<u>1,930,057</u>	<u>(5,348)</u>	<u>1,264,230</u>	<u>130,621,034</u>
Less accumulated depreciation for:					
Buildings	(11,332,279)	(1,518,423)	-	-	(12,850,702)
Right to use - buildings	(20,734)	(20,734)	-	-	(41,468)
Improvements other than buildings	(38,395,590)	(2,067,193)	-	-	(40,462,783)
Machinery and equipment	(11,858,116)	(994,615)	-	-	(12,852,731)
Right to use - machinery and equipment	(19,972)	(20,884)	5,348	-	(35,508)
Right to use - SBITA	<u>-</u>	<u>(792,996)</u>	<u>-</u>	<u>-</u>	<u>(792,996)</u>
Total accumulated depreciation	<u>(61,626,691)</u>	<u>(5,414,845)</u>	<u>5,348</u>	<u>-</u>	<u>(67,036,188)</u>
Total capital assets being depreciated, net	<u>65,805,404</u>	<u>(3,484,788)</u>	<u>-</u>	<u>1,264,230</u>	<u>63,584,846</u>
Governmental activities capital assets, net	<u>\$ 74,835,660</u>	<u>\$ 2,691,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,527,059</u>

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

Governmental Activities:	
General government	\$ 1,647,840
Public safety	954,565
Highways and streets	1,611,955
Culture and recreation	599,255
Tourism	<u>601,230</u>
Total depreciation expense - governmental activities	<u>\$ 5,414,845</u>

Capital asset activity for the business-type activities for the year ended September 30, 2023 was as follows:

	Balance 9/30/2022	Additions	Transfers	Balance 9/30/2023
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 12,851,591	\$ -	\$ -	\$ 12,851,591
Construction in progress	33,520,619	11,468,297	(12,915,133)	32,073,783
Total capital assets, not being depreciated	<u>46,372,210</u>	<u>11,468,297</u>	<u>(12,915,133)</u>	<u>44,925,374</u>
Capital assets being depreciated:				
Buildings	1,613,409	-	5,041	1,618,450
Improvements other than buildings	115,375,508	12,443,564	12,010,259	139,829,331
Machinery and equipment	5,597,287	-	899,833	6,497,120
Right to use - machinery and equipment	-	19,992	-	19,992
Right to use - SBITA	49,107	21,721	-	70,828
Total capital assets being depreciated	<u>122,635,311</u>	<u>12,485,277</u>	<u>12,915,133</u>	<u>148,035,721</u>
Less accumulated depreciation for:				
Buildings	(577,772)	(147,774)	-	(725,546)
Improvements other than buildings	(40,166,595)	(5,003,363)	-	(45,169,958)
Machinery and equipment	(4,300,806)	(663,782)	-	(4,964,588)
Right to use - machinery and equipment	-	(8,467)	-	(8,467)
Right to use - SBITA	-	(24,499)	-	(24,499)
Total accumulated depreciation	<u>(45,045,173)</u>	<u>(5,847,885)</u>	<u>-</u>	<u>(50,893,058)</u>
Total capital assets being depreciated, net	<u>77,590,138</u>	<u>6,637,392</u>	<u>12,915,133</u>	<u>97,142,663</u>
Business-type activities				
Capital assets, net	<u>\$ 123,962,348</u>	<u>\$ 18,105,689</u>	<u>\$ -</u>	<u>\$ 142,068,037</u>

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

Business-Type Activities		
Water treatment and distribution		\$ 4,153,473
Wastewater collection and treatment		1,039,555
Electricity		413,383
Airport		241,474
Total depreciation expense - business-type activities		<u>\$ 5,847,885</u>

G. 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	\$ 250,000
Governmental Refunding	3/1/2008	8/15/2024	3.50-4.00%	2,270,000	32,500
Governmental Refunding	12/1/2014	8/15/2031	2.00-4.00%	8,130,000	5,735,000
Governmental Refunding	8/1/2016	8/15/2032	2.00-5.00%	5,075,000	1,340,000
Construction & Improvements	4/15/2015	8/15/2025	2.00-4.00%	2,460,000	485,000
Construction & Improvements	2/15/2016	8/15/2036	2.00-4.00%	9,690,000	8,110,000
Fire Apparatus	6/1/2019	8/15/2029	2.38%	2,210,000	1,393,000
Construction & Improvements	2/15/2020	8/15/2040	2.00-5.00%	16,460,000	15,500,000
Construction & Improvements	8/1/2022	8/15/2042	5.00%	41,945,000	41,350,000
					<u>\$ 74,195,500</u>

General Obligation Bonds, Certificates of Obligation Bonds and Capital Leases Payable principal and interest are paid by the debt service fund. The compensated absences balances were earned in the funds as follows: general fund \$1,194,768 and tourism fund \$17,147.

As of September 30, 2023, the City had the following governmental activities long-term liabilities outstanding:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Publicly Traded:					
Certificates of Obligation	\$ 67,320,000	\$ -	\$ 1,875,000	\$ 65,445,000	\$ 2,035,000
General Obligation Bonds	8,382,500	-	1,025,000	7,357,500	1,067,500
Issuance Premium	9,208,329	-	580,452	8,627,877	-
Total Publicly Traded	84,910,829	-	3,480,452	81,430,377	3,102,500
Direct Placement:					
Certificates of Obligation	1,606,000	-	213,000	1,393,000	219,000
Total Bonds	86,516,829	-	3,693,452	82,823,377	3,321,500
Financing arrangements	656,454	-	196,439	460,015	161,607
Leases	225,040	-	51,554	173,486	51,482
SBITA	1,623,904	181,426	865,704	939,626	691,180
Compensated Absences	771,025	555,302	114,412	1,211,915	484,766
Total Governmental Activities	\$ 89,793,252	\$ 736,728	\$ 4,921,561	\$ 85,608,419	\$ 4,710,535

Liabilities for compensated absences are included in governmental activities are expended primarily in the General Fund as benefits are used by the employees.

The aggregate debt service payments to maturity of the governmental activities general obligation bonds, certificates of obligation are as follows:

Year Ending September 30,	Certificates of Obligation					
	Publicly Traded			Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,035,000	\$ 2,952,581	\$ 4,987,581	\$ 219,000	\$ 33,153	\$ 252,153
2025	2,530,000	2,880,881	5,410,881	224,000	27,941	251,941
2026	2,630,000	2,785,231	5,415,231	229,000	22,610	251,610
2027	2,735,000	2,677,731	5,412,731	235,000	17,160	252,160
2028	2,870,000	2,546,581	5,416,581	240,000	11,567	251,567
2029-2033	16,875,000	10,647,756	27,522,756	246,000	5,855	251,855
2034-2038	20,540,000	6,474,444	27,014,444	-	-	-
2039-2043	15,230,000	1,772,150	17,002,150	-	-	-
Total	\$ 65,445,000	\$ 32,737,355	\$ 98,182,355	\$ 1,393,000	\$ 118,286	\$ 1,511,286

Year Ending September 30,	General Obligation Bonds		
	Publicly Traded		
	Principal	Interest	Total
2024	\$ 1,067,500	\$ 291,800	\$ 1,359,300
2025	685,000	251,600	936,600
2026	710,000	224,200	934,200
2027	740,000	195,800	935,800
2028	770,000	166,200	936,200
2029-2033	3,385,000	345,400	3,730,400
Total	\$ 7,357,500	\$ 1,475,000	\$ 8,832,500

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.

H. 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, 2023, expenditures for the project totaled \$13,526,865. The funds are held in an escrow account and disbursed to pay for costs of the project.

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, 2023, expenditures for the project totaled \$28,074,192. The funds are held in an escrow account and disbursed to pay for costs of the project. As of September 30, 2023, the balance of the escrow account was \$7,031,702.

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	\$ 70,000
Enterprise Refunding	3/1/2008	8/15/2024	3.50-4.00%	2,270,000	32,500
Enterprise Refunding	8/1/2016	8/15/2024	2.00-5.00%	815,000	120,000
Enterprise Refunding	2/1/2018	8/15/2038	2.00-4.00%	5,620,000	2,025,000
Enterprise Refunding	8/15/2020	8/15/2031	2.00-5.00%	2,695,000	2,045,000
Water System Improvements	6/15/2015	8/15/2045	0.00-2.22%	1,643,000	14,865,000
Water System Improvements	6/15/2016	8/15/2027	0.00-1.04%	2,720,000	1,100,000
Water System Improvements	4/1/2017	8/15/2037	0.00-2.16%	15,000,000	13,700,000
Water System Improvements	12/1/2018	8/15/2048	0.76-2.27%	13,810,000	12,255,000
Wastewater System Improvements	12/1/2018	8/15/2048	0.56-1.97%	34,950,000	32,735,000
Total Business-Type Activities					\$ 78,947,500

As of September 30, 2023, 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:					
Publicly Traded:					
Certificates of Obligation	\$ 77,235,000	\$ -	\$ 2,580,000	\$ 74,655,000	\$ 2,605,000
General Obligation Bonds	4,832,500	-	540,000	4,292,500	552,500
Issuance Premium	665,053	-	79,042	586,011	-
Total Bonds	<u>82,732,553</u>	<u>-</u>	<u>3,199,042</u>	<u>79,533,511</u>	<u>3,157,500</u>
Texas Capital Fund Loan	28,036	-	7,343	20,693	8,010
Notes Payable	1,402,343	-	1,402,343	-	-
Financing arrangements	981,176	-	148,494	832,682	159,249
Leases	-	26,910	7,267	19,643	7,313
SBITA	49,107	21,721	29,467	41,361	28,343
Compensated Absences	248,052	135,888	61,241	322,699	129,080
Total Business-Type Activities	<u>\$ 85,441,267</u>	<u>\$ 184,519</u>	<u>\$ 4,855,197</u>	<u>\$ 80,770,589</u>	<u>\$ 3,489,495</u>

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,	Certificates of Obligation			General Obligation Bonds		
	Publicly Traded			Publicly Traded		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,605,000	\$ 1,327,538	\$ 3,932,538	\$ 552,500	\$ 157,850	\$ 710,350
2025	2,865,000	1,303,666	4,168,666	340,000	142,050	482,050
2026	2,895,000	1,273,406	4,168,406	355,000	126,100	481,100
2027	2,925,000	1,239,269	4,164,269	365,000	116,800	481,800
2028	2,965,000	1,201,428	4,166,428	375,000	107,200	482,200
2029-2033	16,215,000	5,294,529	21,509,529	1,495,000	311,000	1,806,000
2034-2038	17,375,000	3,717,977	21,092,977	810,000	99,800	909,800
2039-2043	14,175,000	2,183,820	16,358,820	-	-	-
2044-2048	12,635,000	728,482	13,363,482	-	-	-
Total	<u>\$ 74,655,000</u>	<u>\$ 18,270,115</u>	<u>\$ 92,925,115</u>	<u>\$ 4,292,500</u>	<u>\$ 1,060,800</u>	<u>\$ 5,353,300</u>

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, 2023.

I. 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
2024	\$ 8,010
2025	6,675
2026	6,008
Total	<u>\$ 20,693</u>

J. Financing Arrangements

The City has committed under various noncancelable financing 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	\$ 136,544
Freightliner Rescue Vehicles	12/16/2016	12/16/2023	2.030%	347,802	13,289
Heating & Cooling Units	8/15/2018	8/15/2028	3.409%	572,131	310,182
					<u>\$ 460,015</u>
Business-Type Activities:					
Aircraft Maintenance Hangar	2/12/2013	2/13/2028	3.350%	\$ 473,495	\$ 168,005
Heating & Cooling Units	8/15/2018	8/15/2028	3.409%	1,225,994	664,677
					<u>\$ 832,682</u>

The aggregate debt service payments to maturity of the governmental activities and business-type activities are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 161,607	\$ 12,980	\$ 174,587	\$ 159,249	\$ 26,887	\$ 186,136
2025	106,044	8,570	114,614	164,739	21,397	186,136
2026	61,967	6,034	68,001	170,404	15,733	186,137
2027	64,097	3,904	68,001	176,263	9,874	186,137
2028	66,300	1,700	68,000	162,027	3,899	165,926
Total	<u>\$ 460,015</u>	<u>\$ 33,188</u>	<u>\$ 493,203</u>	<u>\$ 832,682</u>	<u>\$ 77,790</u>	<u>\$ 910,472</u>

K. Leases

In the prior year, 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.

Purpose	Date Issued	Terms (Months)	Interest Rate	Original Principal	Amount Outstanding
Canon Original 03-2021	10//1/2021	56	0.632%	\$ 147,718	\$ 66,665
Canon Additions 03-2021	10/1/2021	56	0.632%	2,152	1,096
Canon Additions 04-2021	10/1/2021	57	0.632%	2,415	164
Canon Additions 06-2022	6/20/2022	48	2.093%	22,805	16,795
Granbury Square Plaza - CVB Bldg	10/1/2021	75	0.804%	129,587	88,766
					<u>\$ 173,486</u>

The aggregate debt service payments to maturity of the governmental activities and business-type activities are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 51,482	\$ 1,262	\$ 52,744	\$ 7,313	\$ 103	\$ 7,416
2025	52,067	815	52,882	7,360	57	7,417
2026	43,514	375	43,889	4,970	12	4,982
2027	21,117	135	21,252	-	-	-
2028	5,306	7	5,313	-	-	-
Total	<u>\$ 173,486</u>	<u>\$ 2,594</u>	<u>\$ 176,080</u>	<u>\$ 19,643</u>	<u>\$ 172</u>	<u>\$ 19,815</u>

L. Subscription-Based IT Arrangements

For the year ended 9/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

Purpose	Date Issued	Terms (Months)	Interest Rate	Original Principal	Amount Outstanding
Governmental Activities:					
Calian Software - Acropolis	10/1/2022	32	3.238%	\$ 584,468	\$ 294,096
Calian Software - Fortinet	10/1/2022	56	3.305%	405,002	305,673
Debtbook Software	10/1/2022	24	3.207%	23,627	11,627
Falcon Software	2/21/2023	24	2.707%	108,550	53,550
Granicus Software	12/27/2022	36	3.238%	23,456	15,620
OpenGov Hosted Software Service	10/1/2022	36	3.238%	19,069	19,069
RSA Software	1/23/2023	36	2.656%	12,870	8,467
SHI - Microsoft Software	10/1/2022	16	3.144%	19,069	197,586
Thomson Reuters - CLEAR Proflex	10/28/2022	36	3.238%	581,042	21,988
Cvent Software	10/1/2022	58	3.305%	10,696	8,119
Noregon Software	3/4/2023	36	2.894%	5,830	3,831
					<u>\$ 939,626</u>
Business-Type Activities:					
Bluebeam Software	10/1/2022	36	2.363%	21,721	14,311
DBT - NADIN DataLink	10/1/2022	36	3.238%	17,343	11,377
QTPod - Fuel Management Software	10/1/2022	24	3.207%	31,765	15,673
					<u>\$ 41,361</u>

The aggregate debt service payments to maturity of the governmental activities and business-type activities are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 691,180	\$ 25,035	\$ 716,215	\$ 28,343	\$ 1,209	\$ 29,552
2025	139,496	7,994	147,490	13,018	358	13,376
2026	108,950	3,572	112,522	-	-	-
Total	\$ 939,626	\$ 36,601	\$ 976,227	\$ 41,361	\$ 1,567	\$ 42,928

M. 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.

N. Defined Benefit Pension Plans

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 919 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 *tmrs.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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	121
Inactive employees entitled to but not yet receiving benefits	121
Active employees	180
Total	422

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 16.61% and 17.01% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$2,190,818, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, 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 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

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 12/31/2021	\$ 54,796,578	\$ 49,198,360	\$ 5,598,218
Changes for the year:			
Service cost	1,952,240	-	1,952,240
Interest	3,698,646	-	3,698,646
Difference between expected and actual experience	511,913	-	511,913
Contributions - employer	-	1,902,974	(1,902,974)
Contributions - employee	-	801,977	(801,977)
Net investment income	-	(3,594,506)	3,594,506
Benefit payments, including refunds of employee contributions	(1,955,885)	(1,955,885)	-
Administrative expense	-	(31,077)	31,077
Other changes	-	37,083	(37,083)
Net changes	4,206,914	(2,839,434)	7,046,348
Balance at 12/31/2022	\$ 59,003,492	\$ 46,358,926	\$ 12,644,566

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)	\$ 21,225,005	\$ 12,644,566	\$ 5,641,569

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, 2023, the City recognized pension expense of \$3,323,395.

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

	Deferred Outflows of Resources
Differences in expected and actual experience	\$ 1,165,810
Changes in actuarial assumptions	1,472
Differences in projected and actual investment earnings	3,171,493
Contributions subsequent to the measurement date	<u>1,663,357</u>
Total	<u>\$ 6,002,132</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$1,663,357 will be recognized as a reduction of the NPL for the year ended September 30, 2024 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
2024	\$ 926,226
2025	1,087,286
2026	942,184
2027	1,383,079

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, 2022, 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 percentage 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, 2022, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,991
Terminated Members Entitled to but Not Yet Receiving Benefits	1,813
Active Participants	3,379

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, 2022 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, 2022, total contributions of \$4,049,093 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2022. The City’s contributions for the years ended September 30, 2023, 2022 and 2021 were \$83,900, \$71,820 and \$77,140, 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, 2022 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

	System 100.00%	City 1.476%
Total Pension Liability	\$ 165,375,669	\$ 2,440,945
Plan Fiduciary Net Position	<u>124,345,593</u>	<u>1,835,341</u>
Net Pension Liability	<u>\$ 41,030,076</u>	<u>\$ 605,604</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.2%	75.2%

Actuarial Assumptions

The total pension liability in the August 31, 2022 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 4.61%) and by adding expected inflation (3.0%). 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%	6.17%
Emerging markets	5%	7.36%
Global infrastructure	5%	6.61%
Real estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Total	100%	
Weighted average		4.61%

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, 2022 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	\$ 950,028	\$ 605,604	\$ 326,694

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

At September 30, 2023, the City reported a liability of \$605,604 for its proportionate share of the TESRS’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:

	<u>City</u>
City's proportional share of the collective net pension liability	\$ 605,604
State's proportional share that is associated with the City	<u>172,176</u>
Total	<u>\$ 777,780</u>

TESRS’s net pension liability was measured as of August 31, 2022 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, 2021 through August 31, 2022.

For the year ended September 30, 2023, the City recognized pension expense of \$127,963.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in expected and actual experience	\$ 23,053	\$ -
Changes in actuarial assumptions	-	3,045
Differences in projected and actual investment earnings	223,338	-
Contributions subsequent to the measurement date	<u>83,980</u>	<u>-</u>
Total	<u>\$ 330,371</u>	<u>\$ 3,045</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$83,980 will be recognized as a reduction of the NPL for the year ended September 30, 2024 for the City.

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>
2024	\$ 70,215
2025	43,588
2026	45,511
2027	84,032

O. 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	87
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>180</u>
Total	<u><u>302</u></u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.39% for 2023 and 0.24% for 2022, of which 0.14% and 0.12%, 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, 2023 and 2022 were \$17,501 and \$14,218, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Discount rate	4.05%
Actuarial cost method	Entry age normal actuarial
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, 2022 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 4.05% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022.

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

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB Liability	\$ 639,772	\$ 535,938	\$ 454,850

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2023, the City reported a liability of \$535,938 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of \$39,076. 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

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 767,732
Changes for the year:	
Service cost	45,827
Interest	14,421
Difference between expected and actual experience	(7,149)
Changes of assumptions	(271,145)
Benefit payments	<u>(13,748)</u>
Net changes	<u>(231,794)</u>
Balance at 12/31/2022	<u>\$ 535,938</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, 2023, 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	\$ 492	\$ 23,956
Changes in actuarial assumptions used	84,333	222,582
Contributions subsequent to the measurement date	13,690	-
Total	<u>\$ 98,515</u>	<u>\$ 246,538</u>

\$13,690 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, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2024	\$ (23,112)
2025	(28,035)
2026	(47,398)
2027	(53,498)
2028	(9,670)

P. 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.

Q. 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.

R. Contracts and Commitments

Wastewater Treatment Plant Phase I

The City entered into an \$25,273,887 construction contract for the wastewater treatment plant phase I. Expenditures as of September 30, 2023 were \$23,402,464.

City Hall Redesign

The City entered into a construction project with Lever Construction for the City Hall redesign and security access. Expenditures as of September 30, 2023 were \$574,995.

Knox 1 Ground Storage Tank Improvements

The City entered into an \$1,927,000 construction contract for the improvements of the Knox 1 Ground Storage tank. Expenditures as of September 30, 2023 were \$168,000.

McCarthy Creek Road, Drainage and Utilities Project

The City entered into a \$6,000,000 construction contract for the McCarthy Creek Road, Drainage and Utilities project. Expenditures as of September 30, 2023 were \$1,348,206.

Main Lift Station Improvements

The City entered into a \$2,814,913 construction contract for improvements of the Main Lift Station. The project is being funded through the American Rescue Plan Act (ARPA). There were no construction expenditures as of September 30, 2023 for this project.

Archer Road Paving and Utilities Project

The City entered into a \$2,754,684 construction contract for the Archer Road Paving and Utilities project. Expenditures for this project as of September 30, 2023 were \$1,980,026.

Airport Utility Infrastructure

The City entered into an \$1,841,876 construction contract for the Airport Utility Infrastructure project. Expenditures for this project as of September 30, 2023 were \$237,719.

Encumbrances

Amounts totaling \$1,096,642 have been encumbered in the general fund and are reported as committed fund balance.

S. 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, 2023.

Type of Business	Purpose	Tax Abated	Percent Abated	Amount Abated
Grocery store 1	Construct new facility and operate grocery store	Property tax	50%	\$ 79,472
		Sales tax	50% of 1 cent	25,731
Grocery store 2	Construct new facility and operate grocery store	Sales tax	50% of 1 cent	17,609

T. Future Financial Reporting Requirements

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

The City has reviewed GASB pronouncements which become effective in future years and notes the following statements are applicable to the City.

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

Statement 100, *Accounting Changes and Error Corrections-an amendment of GASB No. 62* - The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement is effective for fiscal years beginning after June 15, 2023.

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, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment Budget Basis
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 3,542,430	\$ 3,542,430	\$ 3,497,798	\$ -
Sales and use taxes	10,880,000	10,880,000	12,345,857	-
Franchise taxes	2,477,800	2,477,800	2,747,388	-
Fines and fees	229,600	229,600	183,496	-
Licenses and permits	880,000	880,000	1,182,973	-
Charges for services	35,000	35,000	29,079	-
Intergovernmental	232,500	258,000	434,045	-
Park and recreation	127,900	127,900	194,127	-
Investment earnings	110,000	110,000	816,385	-
Miscellaneous	139,500	192,400	270,619	-
Total revenues	<u>18,654,730</u>	<u>18,733,130</u>	<u>21,701,767</u>	<u>-</u>
EXPENDITURES				
Current:				
General government:				
City council	190,287	195,287	204,918	(22,694)
Legal	187,500	187,500	186,050	-
Executive	809,263	867,522	839,627	346
Financial administration	570,557	628,233	611,019	-
Purchasing	164,531	182,569	180,534	-
Social services	119,500	119,500	111,481	-
Information technology	1,251,208	1,745,473	841,641	84,996
Economic development	339,212	360,768	342,646	(28,413)
Human resources	244,606	246,379	237,308	52
Warehouse	141,096	142,249	131,008	(31,020)
Fleet maintenance	440,356	474,021	444,414	(343)
Building maintenance	990,614	1,054,731	1,023,035	(3,688)
Granbury broadcasting services	264,556	316,643	238,265	5,587
Other governmental functions	981,881	1,811,873	1,430,737	244,100
Total general governments	<u>6,695,167</u>	<u>8,332,748</u>	<u>6,822,683</u>	<u>248,923</u>
Public safety:				
Police	6,842,292	7,566,876	7,722,917	(411,415)
Fire	767,474	784,689	574,434	40,313
Municipal court	188,921	206,659	201,329	(18)
Total public safety	<u>7,798,687</u>	<u>8,558,224</u>	<u>8,498,680</u>	<u>(371,120)</u>
Highways and streets:				
Streets	850,597	925,950	772,567	2,763
Buildings and permits	893,293	977,218	962,012	(10)
Total highways and streets	<u>1,743,890</u>	<u>1,903,168</u>	<u>1,734,579</u>	<u>2,753</u>

Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
\$ 3,497,798	\$ (44,632)
12,345,857	1,465,857
2,747,388	269,588
183,496	(46,104)
1,182,973	302,973
29,079	(5,921)
434,045	176,045
194,127	66,227
816,385	706,385
270,619	78,219
<u>21,701,767</u>	<u>2,968,637</u>
182,224	13,063
186,050	1,450
839,973	27,549
611,019	17,214
180,534	2,035
111,481	8,019
926,637	818,836
314,233	46,535
237,360	9,019
99,988	42,261
444,071	29,950
1,019,347	35,384
243,852	72,791
1,674,837	137,036
<u>7,071,606</u>	<u>1,261,142</u>
7,311,502	255,374
614,747	169,942
201,311	5,348
<u>8,127,560</u>	<u>430,664</u>
775,330	150,620
962,002	15,216
<u>1,737,332</u>	<u>165,836</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, 2023

	Budgeted Amounts		Actual Amounts	Adjustment
	Original	Final	GAAP Basis	Budget Basis
EXPENDITURES (Continued)				
Community development:				
Community development	\$ 782,827	\$ 806,706	\$ 584,096	\$ 4,981
Total community development	<u>782,827</u>	<u>806,706</u>	<u>584,096</u>	<u>4,981</u>
Clean air coalition:				
Clean air coalition	67,950	67,950	66,931	-
Total clean air coalition	<u>67,950</u>	<u>67,950</u>	<u>66,931</u>	<u>-</u>
Culture and recreation:				
Cemetery	62,333	68,260	59,119	(620)
Parks	2,156,342	2,373,813	2,273,723	(302,541)
Total culture and recreation	<u>2,218,675</u>	<u>2,442,073</u>	<u>2,332,842</u>	<u>(303,161)</u>
Debt service:				
Principal	-	-	895,439	-
Interest	-	-	38,793	-
Total debt service	<u>-</u>	<u>-</u>	<u>934,232</u>	<u>-</u>
Total expenditures	<u>19,307,196</u>	<u>22,110,869</u>	<u>20,974,043</u>	<u>(417,624)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(652,466)</u>	<u>(3,377,739)</u>	<u>727,724</u>	<u>417,624</u>
OTHER FINANCING SOURCES (USES)				
Issuance of SBITA	-	-	181,426	-
Transfers in	1,383,000	1,587,400	1,370,400	-
Transfers out	(590,165)	(2,399,158)	(2,533,815)	-
Insurance recovery	-	56,789	162,298	-
Sale of general capital assets	-	-	17,838	-
Total other financing sources (uses)	<u>792,835</u>	<u>(754,969)</u>	<u>(801,853)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	140,369	(4,132,708)	(74,129)	417,624
FUND BALANCE, BEGINNING	<u>17,463,205</u>	<u>17,463,205</u>	<u>17,463,205</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 17,603,574</u>	<u>\$ 13,330,497</u>	<u>\$ 17,389,076</u>	<u>\$ 417,624</u>

<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 589,077	\$ 217,629
<u>589,077</u>	<u>217,629</u>
66,931	1,019
<u>66,931</u>	<u>1,019</u>
58,499	9,761
1,971,182	402,631
<u>2,029,681</u>	<u>412,392</u>
895,439	(895,439)
38,793	(38,793)
<u>934,232</u>	<u>(934,232)</u>
<u>20,556,419</u>	<u>1,554,450</u>
<u>1,145,348</u>	<u>4,523,087</u>
181,426	181,426
1,370,400	(217,000)
(2,533,815)	(134,657)
162,298	105,509
17,838	17,838
<u>(801,853)</u>	<u>(46,884)</u>
343,495	4,476,203
<u>17,463,205</u>	<u>-</u>
<u>\$ 17,806,700</u>	<u>\$ 4,476,203</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, 2023

Measurement Date December 31,	2014	2015	2016
A. Total pension liability			
Service Cost	\$ 1,146,288	\$ 1,267,619	\$ 1,339,522
Interest (on the Total Pension Liability)	2,247,052	2,373,921	2,440,411
Difference between expected and actual experience	(235,764)	(65,276)	(7,656)
Contributions in relation to the actuarially determined contribution	-	-	-
Changes in assumptions	-	11,679	-
Benefit payments, including refunds of employee contributions	<u>(1,468,382)</u>	<u>(1,343,256)</u>	<u>(1,422,391)</u>
Net change in total pension liability	1,689,194	2,244,687	2,349,886
Total pension liability - beginning	<u>32,261,788</u>	<u>33,950,982</u>	<u>36,195,669</u>
Total pension liability - ending (a)	<u>33,950,982</u>	<u>36,195,669</u>	<u>38,545,555</u>
B. Plan fiduciary net position			
Contributions - Employer	1,210,021	1,211,241	1,192,079
Contributions - Employee	529,121	543,376	548,984
Net Investment Income	1,489,869	41,001	1,906,944
Benefit payments, including refunds of employee contributions	(1,468,382)	(1,343,256)	(1,422,391)
Administrative Expenses	(15,553)	(24,971)	(21,531)
Other	<u>(1,279)</u>	<u>(1,233)</u>	<u>(1,160)</u>
Net change in plan fiduciary net position	1,743,797	426,158	2,202,925
Plan fiduciary net position - beginning	<u>26,039,928</u>	<u>27,783,725</u>	<u>28,209,883</u>
Plan fiduciary net position - ending (b)	<u>27,783,725</u>	<u>28,209,883</u>	<u>30,412,808</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 6,167,257</u>	<u>\$ 7,985,786</u>	<u>\$ 8,132,747</u>
D. Plan fiduciary net position as a percentage of total pension liability	81.83%	77.94%	78.90%
E. Covered payroll	\$ 7,537,242	\$ 7,762,515	\$ 7,842,632
F. Net position liability as a percentage of covered payroll	81.82%	102.88%	103.70%

2017	2018	2019	2020	2021	2022
\$ 1,343,239	\$ 1,452,692	\$ 1,523,720	\$ 1,719,086	\$ 1,741,438	\$ 1,952,240
2,595,907	2,722,499	2,880,002	3,113,819	3,425,228	3,698,646
(399,213)	(122,510)	466,289	1,704,414	834,017	511,913
-	-	148,698	-	-	-
<u>(1,518,579)</u>	<u>(1,919,859)</u>	<u>(1,589,800)</u>	<u>(1,715,059)</u>	<u>(2,155,005)</u>	<u>(1,955,885)</u>
2,021,354	2,132,822	3,428,909	4,822,260	3,845,678	4,206,914
<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>
<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>	<u>59,003,492</u>
1,251,745	1,377,130	1,447,489	1,690,765	1,676,698	1,902,974
552,124	597,017	627,783	773,773	742,524	801,977
4,216,502	(1,045,637)	5,240,512	3,005,625	5,650,637	(3,594,506)
(1,518,579)	(1,919,859)	(1,589,800)	(1,715,059)	(2,155,005)	(1,955,885)
(21,845)	(20,200)	(29,595)	(19,438)	(26,124)	(31,077)
<u>(1,107)</u>	<u>(1,055)</u>	<u>(891)</u>	<u>(757)</u>	<u>179</u>	<u>37,083</u>
4,478,840	(1,012,604)	5,695,498	3,734,909	5,888,909	(2,839,434)
<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>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>46,358,926</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>	<u>\$ 12,644,566</u>
86.01%	79.34%	85.79%	85.00%	89.78%	78.57%
\$ 7,887,489	\$ 8,530,196	\$ 8,968,332	\$ 10,190,197	\$ 10,310,469	\$ 11,456,810
71.95%	103.41%	73.08%	74.99%	54.30%	110.37%

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, 2023

	<u>2014</u>	<u>2015</u>
Proportion of the Net Pension Liability/ (Asset)	0.01120	0.01138
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	2022
0.01183	0.01308	0.01231	0.01277	0.01461	0.01607	0.01476
\$ 344,585	\$ 313,942	\$ 266,517	\$ 361,973	\$ 368,331	\$ 172,176	\$ 605,604
<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>172,176</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>	\$ <u>777,780</u>
76.34%	81.41%	84.26%	80.25%	83.24%	93.10%	75.20%

CITY OF GRANBURY, TEXAS

SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year Ended September 30,	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarial determined contribution	\$ 1,205,557	\$ 1,207,638	\$ 1,239,090
Contributions in relation to the actuarially determined contribution	<u>\$ 1,205,557</u>	<u>\$ 1,207,638</u>	<u>\$ 1,239,090</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	7,503,874	7,682,345	8,099,664
Contributions as a percentage of covered payroll	16.07%	15.72%	15.30%

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	23 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

2017	2018	2019	2020	2021	2022	2023
<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>\$ 2,190,818</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>	<u>\$ 2,190,818</u>
-	-	(11,267)	(39,796)	(27,895)	-	-
7,824,858	8,427,131	8,742,684	9,650,118	10,133,254	11,339,077	12,954,266
15.76%	16.12%	16.14%	16.16%	16.12%	16.48%	16.91%

CITY OF GRANBURY, TEXAS

SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 50,715	\$ 53,760	\$ 54,180
Contributions in relation to the contractually required contribution	<u>50,715</u>	<u>53,760</u>	<u>54,180</u>
Contribution deficiency/ (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2017	2018	2019	2020	2021	2022	2023
\$ 63,280	\$ 57,820	\$ 58,380	\$ 68,110	\$ 77,140	\$ 71,820	\$ 83,980
<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>83,980</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, 2023

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

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.

	<u>2021</u>	<u>2022</u>
\$	37,118	\$ 45,827
	14,753	14,421
	(20,066)	(7,149)
	24,072	(271,145)
	<u>(14,435)</u>	<u>(13,748)</u>
	41,442	(231,794)
	<u>726,290</u>	<u>767,732</u>
\$	<u>767,732</u>	\$ <u>535,938</u>
\$	10,310,469	\$ 11,456,810
	7.45%	4.68%

CITY OF GRANBURY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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: lease principal related to GASB 87 in the amount of \$895,439 and lease interest \$38,793. Appropriation for lease expenses were budgeted at individual department level.

In the Tourism Fund, expenditures exceeded appropriations in the lease principal category by \$21,819 and lease interest category by \$866.

**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 purposes.

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.

CAPITAL PROJECTS FUNDS

Capital Project Funds are 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).

TIRZ Fund – To account for the financial resources and uses related to the Tax Increment Reinvestment Zones created for public improvements.

CITY OF GRANBURY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds		Capital Projects	Total
	Tourism	Granbury Historic Properties	TIRZ	Nonmajor Governmental Funds
ASSETS				
Cash and equivalents	\$ 561,480	\$ 348,220	\$ -	\$ 909,700
Investments	662,476	-	-	662,476
Leases	56,127	-	-	56,127
Miscellaneous receivables, net	151,163	-	-	151,163
Inventories	6,129	-	-	6,129
Prepaid items	25,082	-	-	25,082
Due from other funds	-	-	82,640	82,640
Total assets	<u>1,462,457</u>	<u>348,220</u>	<u>82,640</u>	<u>1,893,317</u>
LIABILITIES				
Accounts payable	107,813	26,500	-	134,313
Accrued liabilities	12,977	-	-	12,977
Customer deposits	1,200	-	-	1,200
Unearned revenue	<u>72,435</u>	<u>-</u>	<u>-</u>	<u>72,435</u>
Total liabilities	<u>194,425</u>	<u>26,500</u>	<u>-</u>	<u>220,925</u>
DEFERRED INFLOWS				
Related to leases	<u>55,959</u>	<u>-</u>	<u>-</u>	<u>55,959</u>
Total deferred inflows	<u>55,959</u>	<u>-</u>	<u>-</u>	<u>55,959</u>
FUND BALANCES				
Nonspendable:				
Inventories	6,129	-	-	6,129
Prepaid items	25,082	-	-	25,082
Restricted:				
Construction	-	-	82,640	82,640
Tourism	1,180,862	-	-	1,180,862
Committed:				
Culture and recreation	<u>-</u>	<u>321,720</u>	<u>-</u>	<u>321,720</u>
Total fund balances	<u>1,212,073</u>	<u>321,720</u>	<u>82,640</u>	<u>1,616,433</u>
Total liabilities and fund balances	<u>\$ 1,406,498</u>	<u>\$ 348,220</u>	<u>\$ 82,640</u>	<u>\$ 1,837,358</u>

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds		Capital Projects	Total
	Tourism	Granbury Historic Properties	TIRZ	Nonmajor Governmental Funds
REVENUES				
Property tax	\$ -	\$ -	\$ 82,640	\$ 82,640
Hotel/motel taxes	1,087,725	-	-	1,087,725
Charges for services	634,721	-	-	634,721
Investment earnings	25,504	5,381	-	30,885
Miscellaneous	538	-	-	538
Total revenues	<u>1,748,488</u>	<u>5,381</u>	<u>82,640</u>	<u>1,836,509</u>
EXPENDITURES				
Current:				
General government	-	76,939	-	76,939
Tourism	1,050,523	-	-	1,050,523
Conference center	984,999	-	-	984,999
Debt service:				
Principal	21,819	-	-	21,819
Interest and fiscal charges	866	-	-	866
Total expenditures	<u>2,058,207</u>	<u>76,939</u>	<u>-</u>	<u>2,135,146</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(309,719)</u>	<u>(71,558)</u>	<u>82,640</u>	<u>(298,637)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>627,720</u>	<u>40,000</u>	<u>-</u>	<u>667,720</u>
Total other financing sources (uses)	<u>627,720</u>	<u>40,000</u>	<u>-</u>	<u>667,720</u>
NET CHANGE IN FUND BALANCES	318,001	(31,558)	82,640	369,083
FUND BALANCES, BEGINNING	<u>894,072</u>	<u>353,278</u>	<u>-</u>	<u>1,247,350</u>
FUND BALANCES, ENDING	<u>\$ 1,212,073</u>	<u>\$ 321,720</u>	<u>\$ 82,640</u>	<u>\$ 1,616,433</u>

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment Budget Basis	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Investment earnings	\$ -	\$ -	\$ 5,381	\$ -	\$ 5,381	\$ 5,381
Total revenues	<u>-</u>	<u>-</u>	<u>5,381</u>	<u>-</u>	<u>5,381</u>	<u>5,381</u>
EXPENDITURES						
Current:						
General government	50,000	117,500	76,939	-	76,939	40,561
Debt service:						
Principal	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total expenditures	<u>90,000</u>	<u>157,500</u>	<u>76,939</u>	<u>-</u>	<u>76,939</u>	<u>80,561</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(90,000)</u>	<u>(157,500)</u>	<u>(71,558)</u>	<u>-</u>	<u>(71,558)</u>	<u>85,942</u>
OTHER FINANCING SOURCES						
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Total other financing sources	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(50,000)	(117,500)	(31,558)	-	(31,558)	85,942
FUND BALANCE, BEGINNING	<u>353,278</u>	<u>353,278</u>	<u>353,278</u>	<u>-</u>	<u>353,278</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 303,278</u>	<u>\$ 235,778</u>	<u>\$ 321,720</u>	<u>\$ -</u>	<u>\$ 321,720</u>	<u>\$ 85,942</u>

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment Budget Basis	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Hotel/ Motel Occupancy Tax	\$ 950,000	\$ 956,300	\$ 1,087,725	\$ -	\$ 1,087,725	\$ 131,425
Charges for services	375,000	530,000	634,721	-	634,721	104,721
Investment earnings	-	6,800	25,504	-	25,504	18,704
Miscellaneous	-	-	538	-	538	538
Total revenues	<u>1,325,000</u>	<u>1,493,100</u>	<u>1,748,488</u>	<u>-</u>	<u>1,748,488</u>	<u>255,388</u>
EXPENDITURES						
Current:						
Tourism	1,047,512	1,115,366	1,050,523	(1,558)	1,048,965	66,401
Conference Center	827,653	1,038,454	984,999	(7,975)	977,024	61,430
Debt service:						
Principal	-	-	21,819	-	21,819	(21,819)
Interest	-	-	866	-	866	(866)
Total expenditures	<u>1,875,165</u>	<u>2,153,820</u>	<u>2,058,207</u>	<u>(9,533)</u>	<u>2,048,674</u>	<u>105,146</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(550,165)</u>	<u>(660,720)</u>	<u>(309,719)</u>	<u>9,533</u>	<u>(300,186)</u>	<u>360,534</u>
OTHER FINANCING SOURCES						
Transfers in	<u>550,165</u>	<u>660,720</u>	<u>627,720</u>	<u>-</u>	<u>(33,000)</u>	<u>(693,720)</u>
Total other financing sources	<u>550,165</u>	<u>660,720</u>	<u>627,720</u>	<u>-</u>	<u>(33,000)</u>	<u>(693,720)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>318,001</u>	<u>9,533</u>	<u>(333,186)</u>	<u>(333,186)</u>
FUND BALANCE, BEGINNING	<u>894,072</u>	<u>894,072</u>	<u>894,072</u>	<u>-</u>	<u>894,072</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 894,072</u>	<u>\$ 894,072</u>	<u>\$ 1,212,073</u>	<u>\$ 9,533</u>	<u>\$ 560,886</u>	<u>\$ (333,186)</u>

CITY OF GRANBURY, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	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	\$ 4,942,976	\$ -	\$ 4,942,976	\$ 979,171
Investment earnings	-	-	103,479	-	103,479	103,479
Total revenues	<u>3,963,805</u>	<u>3,963,805</u>	<u>5,046,455</u>	<u>-</u>	<u>5,046,455</u>	<u>1,082,650</u>
EXPENDITURES						
Debt service:						
Principal	4,639,000	4,639,000	3,309,439	-	3,309,439	1,329,561
Interest and other charges	<u>4,156,537</u>	<u>4,156,537</u>	<u>3,505,888</u>	<u>-</u>	<u>3,505,888</u>	<u>650,649</u>
Total expenditures	<u>8,795,537</u>	<u>8,795,537</u>	<u>6,815,327</u>	<u>-</u>	<u>6,815,327</u>	<u>1,980,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,831,732)</u>	<u>(4,831,732)</u>	<u>(1,768,872)</u>	<u>-</u>	<u>(1,768,872)</u>	<u>3,062,860</u>
OTHER FINANCING SOURCES						
Transfers in	<u>4,633,332</u>	<u>4,633,332</u>	<u>1,873,106</u>	<u>-</u>	<u>1,873,106</u>	<u>(2,760,226)</u>
Total other financing sources	<u>4,633,332</u>	<u>4,633,332</u>	<u>1,873,106</u>	<u>-</u>	<u>1,873,106</u>	<u>(2,760,226)</u>
NET CHANGE IN FUND BALANCE	(198,400)	(198,400)	104,234	-	104,234	302,634
FUND BALANCE, BEGINNING	<u>717,770</u>	<u>717,770</u>	<u>717,770</u>	<u>-</u>	<u>717,770</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 519,370</u>	<u>\$ 519,370</u>	<u>\$ 822,004</u>	<u>\$ -</u>	<u>\$ 822,004</u>	<u>\$ 302,634</u>

STATISTICAL SECTION

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**STATISTICAL SECTION
(UNAUDITED)**

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

	<u>Page Number</u>
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
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Sources – Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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FINANCIAL TRENDS

CITY OF GRANBURY, TEXASNET POSITION BY COMPONENT
(UNAUDITED)LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 26,045,119	\$ 21,537,158	\$ 15,439,007	\$ 18,930,751
Restricted	682,251	683,036	518,032	741,433
Unrestricted	<u>4,551,589</u>	<u>2,151,316</u>	<u>2,916,432</u>	<u>3,782,128</u>
Total governmental activities net position	<u>\$ 31,278,959</u>	<u>\$ 24,371,510</u>	<u>\$ 18,873,471</u>	<u>\$ 23,454,312</u>
Business-type activities:				
Net investment in capital assets	\$ 19,645,350	\$ 24,172,309	\$ 31,227,763	\$ 32,950,860
Restricted	2,135,756	2,302,058	2,152,889	1,916,636
Unrestricted	<u>5,133,124</u>	<u>4,035,059</u>	<u>3,273,513</u>	<u>8,324,280</u>
Total business-type activities net position	<u>\$ 26,914,230</u>	<u>\$ 30,509,426</u>	<u>\$ 36,654,165</u>	<u>\$ 43,191,776</u>
Primary government:				
Net investment in capital assets	\$ 45,690,469	\$ 45,709,467	\$ 46,666,770	\$ 51,881,611
Restricted	2,818,007	2,985,094	2,670,921	2,658,069
Unrestricted	<u>9,684,713</u>	<u>6,186,375</u>	<u>6,189,945</u>	<u>12,106,408</u>
Total primary government net position	<u>\$ 58,193,189</u>	<u>\$ 54,880,936</u>	<u>\$ 55,527,636</u>	<u>\$ 66,646,088</u>

TABLE 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 19,202,230	\$ 31,815,661	\$ 33,781,453	\$ 34,421,488	\$ 37,720,563	\$ 42,887,572
2,265,469	1,709,417	1,206,172	1,816,168	1,995,503	2,275,282
<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>12,990,374</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>	<u>\$ 58,153,228</u>
\$ 36,316,597	\$ 44,739,831	\$ 51,307,687	\$ 48,728,106	\$ 55,444,541	\$ 71,019,468
1,775,724	1,946,516	2,602,446	3,254,034	3,508,305	3,930,121
<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>15,758,671</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>	<u>\$ 90,708,260</u>
\$ 55,518,827	\$ 76,555,492	\$ 85,089,140	\$ 83,149,594	\$ 93,165,104	\$ 113,907,040
4,041,193	3,655,933	3,808,618	5,070,202	5,053,808	6,205,403
<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>28,749,045</u>
<u>\$ 74,856,566</u>	<u>\$ 97,249,831</u>	<u>\$ 111,664,661</u>	<u>\$ 114,610,043</u>	<u>\$ 127,145,659</u>	<u>\$ 148,861,488</u>

CITY OF GRANBURY, TEXAS

CHANGES IN NET POSITION
(UNAUDITED)

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
EXPENSES				
Governmental activities				
General government and administration	\$ 4,105,938	\$ 4,952,657	\$ 5,157,740	\$ 5,277,053
Community development	431,114	436,091	576,517	570,259
Clean air coalition	-	147,426	107,164	191,163
Public safety	4,167,610	4,181,858	4,568,792	4,861,240
Highways and streets	2,123,431	1,991,264	1,974,197	2,071,754
Culture and recreation	2,274,039	2,048,587	2,134,237	2,111,405
Tourism	990,605	1,413,290	1,470,289	1,516,439
Conference Center	667,948	635,391	797,778	747,513
Interest on long-term debt	885,592	992,957	1,208,731	962,776
Total governmental activities expenses	<u>15,646,277</u>	<u>16,799,521</u>	<u>17,995,445</u>	<u>18,309,602</u>
Business-type activities:				
Airport	1,121,761	1,011,149	928,078	816,103
Economic Development	86,000	-	-	-
Municipal utilities	<u>18,828,482</u>	<u>18,705,520</u>	<u>19,187,348</u>	<u>18,997,394</u>
Total business-type activities expenses	<u>20,036,243</u>	<u>19,716,669</u>	<u>20,115,426</u>	<u>19,813,497</u>
Total primary government expenses	<u>\$ 35,682,520</u>	<u>\$ 36,516,190</u>	<u>\$ 38,110,871</u>	<u>\$ 38,123,099</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 129,325	\$ 93,531	\$ 95,124	\$ 87,600
Community development	552,552	659,348	636,114	725,408
Public safety	159,187	158,452	250,188	229,807
Culture and recreation	165,724	139,163	162,674	177,062
Tourism	131,428	134,441	119,338	129,803
Conference Center	296,814	373,481	475,866	486,511
Operating grants and contributions	772,777	476,781	414,078	349,489
Capital grants and contributions	<u>821,184</u>	<u>503,633</u>	<u>173,761</u>	<u>3,719,258</u>
Total governmental activities program revenues	<u>3,028,991</u>	<u>2,538,830</u>	<u>2,327,143</u>	<u>5,904,938</u>
Business-type activities				
Charges for services				
Water and Wastewater	8,179,989	8,390,222	8,760,445	9,549,632
Electric	11,371,262	11,329,466	11,012,050	11,426,686
Airport	854,860	779,968	706,142	783,772
Operating grants and contributions	-	12,250	390,151	265,558
Capital grants and contributions	<u>806,241</u>	<u>732,847</u>	<u>334,048</u>	<u>4,659,668</u>
Total business-type activities program revenues	<u>21,212,352</u>	<u>21,244,753</u>	<u>21,202,836</u>	<u>26,685,316</u>
Total primary government program revenues	<u>\$ 24,241,343</u>	<u>\$ 23,783,583</u>	<u>\$ 23,529,979</u>	<u>\$ 32,590,254</u>

TABLE 2

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	4,962,329	\$	5,456,209	\$	5,684,189	\$	5,429,694	\$	6,081,245	\$	7,695,993
	515,406		636,114		514,704		485,474		539,961		628,696
	83,030		80,002		94,299		218,969		130,162		33,155
	5,220,008		5,723,779		6,543,413		6,506,659		6,785,090		9,193,643
	2,307,570		2,328,881		2,944,273		2,749,801		3,122,827		3,274,033
	2,292,525		2,319,057		2,437,891		2,434,407		2,585,383		3,043,922
	1,458,865		1,318,801		1,454,339		1,690,936		1,549,990		1,715,589
	720,418		846,809		601,806		545,491		793,202		1,036,030
	904,937		939,641		1,442,092		1,288,860		1,984,290		3,027,915
	<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>		<u>29,648,976</u>
	813,608		747,801		710,446		787,067		1,127,664		1,478,281
	100,000		-		-		-		-		-
	<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>23,548,710</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>25,026,991</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>	\$	<u>54,675,967</u>
\$	83,343	\$	79,128	\$	71,409	\$	7,500	\$	2,054,372	\$	-
	1,048,631		748,866		1,077,338		1,523,893		799,464		1,203,152
	198,202		234,994		230,208		294,521		211,106		180,540
	330,589		249,441		117,190		210,664		210,834		203,027
	132,234		90,603		68,746		148,432		182,509		40,422
	496,135		418,892		240,660		258,133		418,683		549,532
	231,094		206,104		776,832		283,930		91,460		304,952
	782,295		10,866,405		5,463,020		281,067		1,909,693		1,870,999
	<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>		<u>4,352,624</u>
	10,599,523		11,088,259		12,779,481		12,567,645		13,702,324		14,215,367
	11,500,530		11,113,191		10,836,338		10,883,526		12,103,336		13,156,581
	780,692		785,472		781,647		936,279		1,233,959		1,599,176
	28,946		106,608		43,159		-		-		94,913
	574,512		5,529,654		3,237,290		455,142		1,420,387		11,830,891
	<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>40,896,928</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>	\$	<u>45,249,552</u>

CITY OF GRANBURY, TEXAS

CHANGES IN NET POSITION
(Continued)

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

	2014	2015	2016	2017
NET (EXPENSE) REVENUES				
Governmental activities	\$ (12,617,286)	\$ (14,260,691)	\$ (15,668,302)	\$ (12,404,664)
Business-type activities	<u>1,176,109</u>	<u>1,528,084</u>	<u>1,087,410</u>	<u>6,871,819</u>
Total primary government net expense	<u>\$ (11,441,177)</u>	<u>\$ (12,732,607)</u>	<u>\$ (14,580,892)</u>	<u>\$ (5,532,845)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	\$ 4,404,767	\$ 4,574,859	\$ 4,933,982	\$ 5,421,753
Sales	6,632,629	7,232,245	7,593,985	8,083,300
Other	2,160,645	2,295,658	2,287,719	2,442,810
Miscellaneous	317,355	359,722	318,904	457,809
Investment earnings	27,754	31,670	47,046	112,960
Gain on sale of capital assets	-	-	-	-
Transfers	<u>146,763</u>	<u>(2,781,257)</u>	<u>(5,011,373)</u>	<u>466,873</u>
Total governmental activities	<u>13,689,913</u>	<u>11,712,897</u>	<u>10,170,263</u>	<u>16,985,505</u>
Business-type activities:				
Investment earnings	20,942	15,367	45,956	121,918
Gain on sale of capital assets	-	-	-	-
Miscellaneous	-	-	-	10,747
Extraordinary item	-	499,448	-	-
Transfers	<u>(147,964)</u>	<u>2,781,257</u>	<u>5,011,373</u>	<u>(466,873)</u>
Total business-type activities	<u>(127,022)</u>	<u>3,296,072</u>	<u>5,057,329</u>	<u>(334,208)</u>
Total primary government	<u>\$ 13,562,891</u>	<u>\$ 15,008,969</u>	<u>\$ 15,227,592</u>	<u>\$ 16,651,297</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 1,072,627	\$ (2,547,794)	\$ (5,498,039)	\$ 4,580,841
Business-type activities	<u>1,049,087</u>	<u>4,824,156</u>	<u>6,144,739</u>	<u>6,537,611</u>
Total primary government	<u>\$ 2,121,714</u>	<u>\$ 2,276,362</u>	<u>\$ 646,700</u>	<u>\$ 11,118,452</u>

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

TABLE 2

		Fiscal Year					
		2018	2019	2020	2021	2022	2023
	\$	(15,162,565)	(6,754,860)	(13,671,603)	(18,342,151)	(17,694,029)	(25,296,352)
		<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>15,869,937</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>	<u>(9,426,415)</u>
	\$	5,611,150	5,915,411	6,373,269	6,691,693	7,016,003	8,521,945
		8,534,403	9,096,824	9,568,220	10,739,878	12,079,455	12,345,857
		2,444,890	2,656,633	2,902,370	3,151,913	3,624,146	3,897,556
		419,209	269,720	222,929	295,800	848,471	347,501
		270,434	435,829	304,361	83,838	485,130	3,421,509
		-	-	-	-	72,366	17,838
		<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>721,183</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>	<u>29,273,389</u>
		254,147	1,233,772	799,876	130,330	161,105	1,547,557
		-	-	-	-	4,841	-
		9,010	28,424	5,712	70,916	170,884	592,481
		-	-	-	-	-	-
		<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>(721,183)</u>
		<u>(984,549)</u>	<u>(302,691)</u>	<u>3,226,792</u>	<u>(1,612,346)</u>	<u>10,732</u>	<u>1,418,855</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>	<u>30,692,244</u>
	\$	3,365,227	13,184,444	3,278,342	4,434,563	6,757,640	3,977,037
		<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>17,288,792</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>	<u>21,265,829</u>

CITY OF GRANBURY, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ 947,407	\$ 619,482	\$ 511,494	\$ 159,055
Restricted	556,739	497,395	471,552	472,999
Committed	15,746	270,982	231,344	301,256
Assigned	55,131	44,238	43,938	51,026
Unassigned	<u>2,860,905</u>	<u>3,798,559</u>	<u>4,785,111</u>	<u>6,223,898</u>
Total general fund	<u>\$ 4,435,928</u>	<u>\$ 5,230,656</u>	<u>\$ 6,043,439</u>	<u>\$ 7,208,234</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ 5,800	\$ 5,040
Restricted	4,446,333	1,774,344	5,663,282	4,191,174
Committed	111,500	107,088	111,495	115,579
Unassigned	<u>(447,076)</u>	<u>(217,378)</u>	<u>(103,786)</u>	<u>(18,962)</u>
Total all other governmental funds	<u>\$ 4,110,757</u>	<u>\$ 1,664,054</u>	<u>\$ 5,676,791</u>	<u>\$ 4,292,831</u>

TABLE 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 161,818	\$ 152,253	\$ 149,861	\$ 130,693	\$ 170,064	\$ 203,234
1,636,077	793,336	664,323	724,271	786,107	647,321
422,419	775,084	684,500	2,539,162	1,527,338	1,096,643
101,501	162,602	174,637	197,026	212,471	224,467
<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>15,217,411</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>	<u>\$ 17,389,076</u>
\$ 17,078	\$ 17,342	\$ 18,934	\$ 28,529	\$ 34,362	\$ 31,211
4,372,480	6,097,697	20,198,385	14,354,120	53,017,111	51,384,040
120,053	123,291	124,861	126,307	353,278	321,720
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 51,736,971</u>

CITY OF GRANBURY, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
REVENUES				
Taxes	\$ 13,146,849	\$ 13,994,697	\$ 14,872,298	\$ 15,733,847
Licenses and permits	595,351	703,918	613,565	737,790
Fines and fees	149,611	190,154	225,259	200,801
Charges for services	406,679	496,838	672,307	651,070
Intergovernmental	267,614	858,629	582,339	1,891,996
Park and recreation	-	-	-	-
Investment earnings	27,732	31,670	47,046	112,960
Other revenues	1,127,908	541,213	494,225	625,945
Total revenues	<u>15,721,744</u>	<u>16,817,119</u>	<u>17,507,039</u>	<u>19,954,409</u>
EXPENDITURES				
General government	\$ 3,840,821	\$ 4,745,797	\$ 4,905,160	\$ 5,353,951
Police	3,731,731	3,867,902	3,896,217	3,832,502
Fire	354,000	1,255,424	404,201	853,293
Streets	562,719	534,995	528,257	2,447,429
Building and permits	547,800	578,796	447,070	548,658
Parks recreation	1,762,250	2,114,803	1,795,998	1,744,042
Tourism	2,507,455	797,357	780,866	807,756
Conference Center	682,689	644,068	835,599	732,905
Capital projects	811,717	1,107,772	861,287	871,689
Other	486,545	672,887	891,118	773,205
Debt service:				
Principal	2,030,855	2,350,470	2,220,965	1,978,750
Interest	912,346	712,289	713,451	1,207,002
Bond issuance costs	-	297,604	373,502	-
Total expenditures	<u>18,230,928</u>	<u>19,680,164</u>	<u>18,653,691</u>	<u>21,151,182</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,509,184)</u>	<u>(2,863,045)</u>	<u>(1,146,652)</u>	<u>(1,196,773)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from borrowing	\$ 452,839	\$ 3,919,383	\$ 10,250,850	\$ 347,802
Other resources	-	72,944	38,692	162,933
Leases/SBITA issued	-	-	-	-
Transfers in	2,806,721	2,420,229	2,012,029	1,918,857
Transfers out	<u>(2,658,757)</u>	<u>(5,201,486)</u>	<u>(6,329,399)</u>	<u>(1,451,984)</u>
Total other financing sources (uses)	<u>600,803</u>	<u>1,211,070</u>	<u>5,972,172</u>	<u>977,608</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,908,381)</u>	<u>\$ (1,651,975)</u>	<u>\$ 4,825,520</u>	<u>\$ (219,165)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>19.6%</u>	<u>18.6%</u>	<u>17.4%</u>	<u>18.7%</u>

TABLE 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 16,663,653	\$ 17,621,307	\$ 18,757,327	\$ 20,470,646	\$ 23,722,174	\$ 24,704,384
838,574	768,360	1,056,126	1,264,939	698,362	1,182,973
176,838	212,431	207,695	251,295	206,727	183,496
935,851	569,412	426,179	717,588	640,235	663,800
329,654	219,441	378,776	746,986	177,411	434,045
-	-	-	-	197,734	194,127
270,434	435,749	303,631	81,361	480,695	3,394,787
644,637	612,406	314,703	429,398	832,107	271,157
<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>	<u>31,028,769</u>
\$ 5,065,550	\$ 5,331,394	\$ 5,194,870	\$ 5,086,089	\$ 5,370,498	\$ 6,899,622
4,617,414	4,750,431	5,560,778	6,193,369	8,323,914	8,498,680
428,606	450,062	429,838	393,420	704,462	772,567
652,771	2,439,635	945,685	670,429	545,853	584,096
578,544	716,943	770,135	796,813	853,825	962,012
1,761,169	1,818,546	1,907,740	1,897,916	2,344,977	2,332,842
755,242	635,345	733,934	811,477	959,878	1,050,523
1,005,600	947,207	650,584	556,744	801,855	984,999
56,176	840,670	2,027,048	6,283,420	8,695,610	3,928,907
678,080	769,456	650,371	783,678	131,582	66,931
2,198,742	2,257,222	962,212	2,522,473	3,179,386	4,226,697
997,590	963,064	2,441,751	1,814,903	1,922,848	3,545,547
-	50,000	283,357	-	-	-
<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>	<u>33,853,423</u>
<u>1,064,157</u>	<u>(1,530,869)</u>	<u>(1,113,866)</u>	<u>(3,848,518)</u>	<u>(6,879,243)</u>	<u>(2,824,654)</u>
\$ 572,131	\$ 2,210,000	\$ 19,283,357	\$ -	\$ 41,945,000	\$ -
107,792	75,632	21,013	18,732	5,575,518	180,136
-	-	-	-	22,805	181,426
2,465,142	2,251,647	2,114,498	2,463,554	2,492,713	3,911,226
<u>(1,220,145)</u>	<u>(686,760)</u>	<u>(5,220,822)</u>	<u>(649,962)</u>	<u>(2,166,615)</u>	<u>(3,190,043)</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>	<u>1,082,745</u>
\$ <u>2,989,077</u>	\$ <u>2,319,650</u>	\$ <u>15,084,180</u>	\$ <u>(2,016,194)</u>	\$ <u>40,990,178</u>	\$ <u>(1,741,909)</u>
<u>18.1%</u>	<u>17.8%</u>	<u>17.1%</u>	<u>20.9%</u>	<u>23.7%</u>	<u>29.8%</u>

CITY OF GRANBURY, TEXAS

PRINCIPAL SOURCE OF REVENUE

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Principal General Government Revenue Sources				
Sales and Use Tax	\$ 6,599,573	\$ 7,151,484	\$ 7,624,373	\$ 7,926,229
Ad Valorem Tax	4,415,081	4,577,167	4,945,177	5,394,768
Franchise Taxes	731,411	790,557	747,865	777,796
Utility Fund Franchise Tax	843,618	849,286	857,990	897,679
Hotel Occupancy Tax	557,166	626,203	696,893	737,375
All Other Sources	<u>2,574,895</u>	<u>2,822,422</u>	<u>2,634,741</u>	<u>4,220,562</u>
Total General Government Revenue	<u>\$ 15,721,744</u>	<u>\$ 16,817,119</u>	<u>\$ 17,507,039</u>	<u>\$ 19,954,409</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	\$ 11,056,172	\$ 10,993,672	\$ 10,638,496	\$ 11,138,774
Water Sales	5,314,357	5,472,711	5,756,374	6,180,897
Wastewater Revenue	2,394,387	2,440,580	2,512,036	2,775,382
All Other	<u>1,641,195</u>	<u>1,583,938</u>	<u>1,448,509</u>	<u>1,665,037</u>
Total Utility Fund Revenue	<u>\$ 20,406,111</u>	<u>\$ 20,490,901</u>	<u>\$ 20,355,415</u>	<u>\$ 21,760,090</u>

TABLE 5

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 8,600,566	\$ 9,055,290	\$ 9,456,937	\$ 10,619,179	\$ 12,079,455	\$ 12,345,857
5,619,520	5,936,937	6,374,562	6,691,693	7,016,003	8,521,945
770,024	940,453	942,341	928,339	1,010,887	1,195,949
944,219	843,855	1,330,332	1,307,388	1,480,742	1,613,882
729,324	844,772	653,155	924,047	1,132,517	1,087,725
<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>3,786,848</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>	<u>\$ 28,552,206</u>
\$ 11,217,517	\$ 10,786,134	\$ 10,606,264	\$ 10,664,958	\$ 12,103,336	\$ 13,156,581
7,044,556	7,323,070	8,402,021	7,985,129	9,641,675	9,910,577
2,991,968	3,150,767	3,405,181	3,521,516	4,060,649	4,304,790
<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>1,599,176</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>	<u>\$ 28,971,124</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>
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
2022	2022-2023	2,333,109,265	5,221,430	2,338,330,695	0.38000

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		
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
2022	2022-2023	0.15765	0.22235	0.38000	0.331129	0.99960

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
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%
2022	2022-2023	8,490,613	(58,470)	8,432,144	8,401,467	99.6362%

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		
\$ 28,941	\$ 4,344,800	99.9056%	\$ 4,107	0.0944%
29,213	4,510,163	99.9161%	3,788	0.0839%
27,305	4,897,586	99.9198%	3,931	0.0802%
54,116	5,399,252	99.9252%	4,044	0.0748%
43,073	5,559,934	99.9670%	1,837	0.0330%
23,583	5,844,477	100.0248%	(1,451)	-0.0248%
24,401	6,333,970	99.8619%	8,757	0.1381%
18,780	6,625,174	99.9434%	3,749	0.0566%
13,776	6,919,208	99.8213%	12,385	0.1787%
-	8,401,467	99.6362%	30,676	0.3638%

CITY OF GRANBURY

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS
(Unaudited)

<u>Fiscal Year Ending</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
<u>Tax Year</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Property use category</i>				
Real, Residential, Single family	\$ 1,442,116,251	\$ 1,025,779,903	\$ 906,891,557	\$ 820,251,664
Real, Residential, Multi-family	122,663,110	87,602,941	83,138,767	80,784,467
Real, Vacant Lots/Tracts	70,897,230	54,529,780	56,729,762	58,665,970
Real, Qualified Open-space Land	54,216,110	46,014,590	41,222,120	43,636,830
Real, Rural Land	23,915,760	18,987,160	9,297,130	9,300,540
Real, Commercial	687,089,247	549,439,121	545,753,570	520,693,810
Real, Industrial	2,479,820	2,563,620	2,723,230	3,000,130
Tangible Personal Property	5,495,160	5,710,590	4,871,310	5,108,170
Real/Tangible Personal, Utilities	24,647,540	23,528,030	22,234,860	22,145,260
Tangible Personal, Commercial	115,926,340	111,257,660	119,364,036	116,067,470
Tangible Personal, Industrial	5,076,780	4,694,130	7,712,560	5,757,840
Tangible Personal, Mobile Homes	144,650	206,040	227,280	289,770
Real Property, Inventory	12,527,800	16,429,560	10,760,620	17,896,380
Special Inventory	38,304,160	29,306,440	21,866,580	21,197,180
Real Minerals/Oil & Gas	8,917,330	3,076,760	3,931,490	7,862,890
Mixed PTD	-	6,670	675,563	(23,083)
Total Appraised Value	<u>\$ 2,614,417,288</u>	<u>\$ 1,979,132,995</u>	<u>\$ 1,837,400,435</u>	<u>\$ 1,732,635,288</u>
Less: Exemptions or Deductions:				
Optional>65 Res. Homestead	\$ 30,087,245	\$ 27,071,926	\$ 25,296,415	\$ 24,085,379
Disabled/Deceased Veterans	31,426,206	17,645,780	15,052,819	11,999,630
Agriculture & Unheard Protests	54,221,360	45,624,310	40,666,520	43,075,280
Residential, Capped Value Loss	154,407,761	11,987,249	9,113,423	11,689,567
Other	<u>5,944,021</u>	<u>4,751,234</u>	<u>5,803,619</u>	<u>2,976,688</u>
Total Exemptions	<u>\$ 276,086,593</u>	<u>\$ 107,080,499</u>	<u>\$ 95,932,796</u>	<u>\$ 93,826,544</u>
Net Assessed Valuation	<u>\$ 2,338,330,695</u>	<u>\$ 1,872,052,496</u>	<u>\$ 1,741,467,639</u>	<u>\$ 1,638,808,744</u>
Percent of Fair Market Value	100%	100%	100%	100%

Source: Hood Central Appraisal District

TABLE 9

<u>9/30/2019</u> <u>2018</u>	<u>9/30/2018</u> <u>2017</u>	<u>9/30/2017</u> <u>2016</u>	<u>9/30/2016</u> <u>2015</u>	<u>9/30/2015</u> <u>2014</u>	<u>9/30/2014</u> <u>2013</u>
\$ 716,225,506	\$ 626,908,890	\$ 564,533,270	\$ 527,546,060	\$ 501,976,240	\$ 477,935,220
55,947,220	57,507,490	51,110,960	47,024,980	44,482,770	41,923,330
63,181,070	62,954,700	68,636,150	60,718,140	58,541,910	50,644,930
44,317,190	44,373,730	47,088,100	44,881,390	46,750,000	47,921,880
7,734,330	7,450,720	7,249,500	7,584,980	7,213,810	17,152,810
496,522,065	507,380,480	507,984,820	434,696,240	392,331,310	396,789,380
2,807,450	2,852,840	2,622,570	2,147,740	2,116,560	2,462,190
5,132,400	3,604,400	3,474,740	1,004,350	965,040	10,219,060
20,508,560	20,807,760	19,935,130	17,323,730	12,524,180	11,821,370
121,337,510	115,199,910	121,399,950	115,944,620	102,257,650	91,154,860
1,574,100	9,035,070	22,037,920	15,707,560	9,050,770	773,190
337,030	341,190	378,440	370,420	345,590	356,980
7,934,600	7,903,750	8,939,530	9,021,500	9,036,230	8,522,040
21,864,380	19,880,940	20,134,780	19,063,260	18,107,580	17,292,880
7,287,580	3,910,240	4,337,100	11,736,060	12,353,800	12,538,690
<u>(144,300)</u>	<u>(23,500)</u>	<u>(4,980)</u>	<u>(88,546)</u>	<u>(6,070)</u>	<u>(6,730)</u>
<u>\$1,572,566,691</u>	<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>
\$ 21,874,370	\$ 20,464,770	\$ 19,261,650	\$ 17,924,460	\$ 16,231,640	\$ 14,880,720
9,602,019	7,069,829	5,207,004	5,321,866	4,593,900	4,479,249
43,971,470	44,052,720	46,764,630	44,541,430	46,408,000	47,574,150
3,954,032	2,831,037	2,353,530	753,550	1,076,290	1,502,480
<u>(215,145)</u>	<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>\$ 79,186,746</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>\$1,493,379,945</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>
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 2023			Tax Year 2013		
	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation	Rank	Taxable Assessed Valuation	Percent of Total Assessed Valuation
Lake Villas Apartment LLC	1	\$ 37,800,000	1.62%			
Lakehouse Apartment LLC	2	30,150,000	1.29%			
Welltower TCG Ridea Land	3	27,060,680	1.16%			
Granbury Brazos Crossing	4	23,000,000	0.98%			
Hood County Hospital	5	18,387,790	0.79%			
Kroger Texas LP	6	16,805,960	0.72%			
Rolling Terrace Circle	7	16,719,080	0.72%			
Shottenkirk	8	16,213,490	0.69%			
Welltower TCG NNN Land	9	12,101,000	0.52%			
Luton Ranch SC LP	10	<u>14,100,000</u>	<u>0.60%</u>			
Health Care Reit Inc				1	\$ 21,097,320	1.94%
Hood General Hospital				2	12,776,400	1.18%
HEB Grocery Company LP				3	9,936,960	0.91%
Wal-Mart Real Estate Business				4	9,139,050	0.84%
Pacific Lake Granbury LP				5	9,000,000	0.83%
HCRI Texas Properties LTD				6	7,627,630	0.70%
Quicksilver Resources-Minerals				7	7,381,250	0.68%
1909 Partners, LP				8	7,120,150	0.66%
Lowes Home Centers Inc				9	7,034,200	0.65%
HD Development Properties				10	<u>6,990,080</u>	<u>0.64%</u>
		<u>\$ 212,338,000</u>	6.17%		<u>\$ 98,103,040</u>	9.03%

Source: Hood County Appraisal District

CITY OF GRANBURY

SALES TAX REVENUE BY BUSINESS TYPE
(Unaudited)

SEPTEMBER 30, 2023

Fiscal Year	2023	2022	2021	2020
<i>Sales Tax Category</i>				
Retail:				
Motor Vehicle & Parts	\$ 457,212	\$ 441,660	\$ 377,814	\$ 365,063
Furniture & Home Furnishings	361,093	397,086	352,032	279,944
Electronics & Appliance	1,114,294	57,717	48,292	37,981
Building Materials	1,983,798	2,229,261	1,839,785	1,628,937
Apparel Stores	412,660	457,597	376,270	277,872
General Merchandise	1,373,237	1,530,537	1,296,851	1,268,068
All Other Retail	<u>1,685,348</u>	<u>2,492,040</u>	<u>2,243,158</u>	<u>2,007,092</u>
Total Retail	<u>7,387,642</u>	<u>7,605,898</u>	<u>6,534,202</u>	<u>5,864,956</u>
Agriculture/Manufacturing/Mining	576,075	662,576	463,753	450,276
Services	1,929,535	2,224,530	1,604,319	1,512,592
Wholesalers	467,809	571,702	426,763	355,171
Food & Accommodation	1,709,199	1,637,023	1,380,614	1,196,458
All Other	<u>275,595</u>	<u>380,608</u>	<u>209,528</u>	<u>77,483</u>
Total Sales Tax Received	<u>\$ 12,345,855</u>	<u>\$ 13,082,338</u>	<u>\$ 10,619,179</u>	<u>\$ 9,456,937</u>
City Sales Tax Rate	1.50%	1.50%	1.50%	1.50%

Source: ZacTax Sales Tax Analysis and Reporting Service

TABLE 11

2019	2018	2017	2016	2015	2014
\$ 366,567	\$ 405,353	\$ 370,879	\$ 313,972	\$ 357,382	\$ 280,756
225,199	196,754	169,716	172,403	165,189	182,908
115,573	136,153	108,577	50,686	53,284	93,884
1,410,398	1,334,958	1,371,254	1,132,022	1,038,175	955,273
268,114	262,122	220,794	231,035	191,794	136,370
1,269,391	1,263,430	1,191,687	1,184,226	1,164,962	1,010,511
<u>1,677,608</u>	<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>5,332,850</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>
416,720	413,600	354,932	352,589	291,357	413,761
1,672,092	1,459,290	1,276,362	1,210,484	713,673	788,306
390,026	384,946	340,329	565,717	557,188	438,871
1,182,787	1,152,846	1,051,885	947,192	888,846	829,682
<u>60,816</u>	<u>25,440</u>	<u>31,399</u>	<u>443,754</u>	<u>805,067</u>	<u>386,245</u>
<u>\$ 9,055,290</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>
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	2023	2022	2021	2020	2019
Residential	\$ 4,462,546	\$ 4,101,578	\$ 3,693,725	\$ 3,702,701	\$ 3,622,407
Commercial	7,523,117	6,596,715	5,027,037	5,187,784	5,375,791
Other	<u>1,066,660</u>	<u>992,536</u>	<u>1,754,624</u>	<u>1,715,779</u>	<u>1,787,936</u>
Total	<u>\$ 13,052,323</u>	<u>\$ 11,690,829</u>	<u>\$ 10,475,386</u>	<u>\$ 10,606,264</u>	<u>\$ 10,786,134</u>

WATER SALES

Type of Customer	2023	2022	2021	2020	2019
Residential	\$ 4,853,235	\$ 5,023,034	\$ 4,462,754	\$ 4,387,350	\$ 3,729,829
Commercial	4,621,483	3,972,167	2,984,840	3,629,901	3,178,201
Other	<u>182,783</u>	<u>182,828</u>	<u>369,543</u>	<u>384,770</u>	<u>415,038</u>
Total	<u>\$ 9,657,501</u>	<u>\$ 9,178,029</u>	<u>\$ 7,817,137</u>	<u>\$ 8,402,021</u>	<u>\$ 7,323,068</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.

TABLE 12**ELECTRICITY SALES**

2018	2017	2016	2015	2014
\$ 3,792,144	\$ 3,580,932	\$ 3,420,101	\$ 3,505,676	\$ 3,510,579
5,504,278	6,959,122	6,646,565	6,632,906	6,746,776
<u>1,921,095</u>	<u>598,720</u>	<u>571,830</u>	<u>851,383</u>	<u>864,285</u>
<u>\$ 11,217,517</u>	<u>\$ 11,138,774</u>	<u>\$ 10,638,496</u>	<u>\$ 10,989,965</u>	<u>\$ 11,121,640</u>

WATER SALES

2018	2017	2016	2015	2014
\$ 3,815,847	\$ 2,747,226	\$ 2,558,538	\$ 2,614,942	\$ 2,547,695
2,843,730	3,280,440	3,055,130	2,889,001	2,661,313
<u>384,979</u>	<u>153,230</u>	<u>142,706</u>	<u>34,250</u>	<u>120,286</u>
<u>\$ 7,044,556</u>	<u>\$ 6,180,896</u>	<u>\$ 5,756,374</u>	<u>\$ 5,538,193</u>	<u>\$ 5,329,294</u>

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

SEPTEMBER 30, 2023

Ten Largest Electric Customers

Customers	Annual Kwh Consumed (in thousands of Kwh)			
	2023		2018	
	Rank	Consumption	Rank	Consumption
Lake Granbury Medical Center	1	8,210	3	5,698
City of Granbury	2	8,066	1	7,562
GISD	3	7,101	2	6,855
Hood County	4	3,391	7	1,840
Brookshire Grocery Co.	5	2,432	4	2,598
Waterview Point Retirement	6	1,598	6	1,978
Lowe's Home Center	7	1,576	5	2,157
Waterview Cove	8	1,096	8	1,345
AT&T	9	962	10	1,096
Hilton Garden Inn	10	941	9	1,125

Ten Largest Water Customers

Customers	Annual Gallons Consumed (in hundreds of gallons)			
	2023		2018	
	Rank	Consumption	Rank	Consumption
Creative Solutions	1	150,812	3	85,652
Lake Granbury Medical Investor	2	138,919	5	78,003
City of Granbury	3	122,222	2	87,707
Harbor Lakes Partners LLC	4	88,163	1	52,504
Lakehouse Apartments	5	85,058	6	72,064
Hood County	6	77,966	4	79,431
Waterview Point Retirement	7	74,665	8	66,121
Parkdale Enterprises LLC	8	62,331		
Stonewater Church	9	61,075		
HEB Grocery	10	60,292		
Aqua Texas		42,624	7	69,533
Luton Ranch LP			9	48,662
GISD			10	46,124

CITY OF GRANBURY

TABLE 14

UTILITY SERVICE RATES
ELECTRIC, WATER AND SEWER
(Unaudited)

SEPTEMBER 30, 2023

Electric Rate Structure		
Residential Rate Structure		
<i>Electric</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum charge	13.75	25.00
Energy Charge per/kWh	0.0539	0.0539
Commercial/ Multi Unit Rate Structure		
<i>Electric</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
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	0.0539	0.0539
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.		
<i>All Customers</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Residential Sales Tax	1.50%	n/a
Commercial Sales Tax	8.25%	6.00%
Water Rate Structure		
Residential Rate Structure		
<i>Water</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
Minimum Charge	18.92	29.09
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
Commercial/ Multi Unit Rate Structure		
<i>Water</i>	<i>Inside City Limits</i>	<i>Outside City Limits</i>
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

CITY OF GRANBURY

TABLE 14

UTILITY SERVICE RATES
ELECTRIC, WATER AND SEWER
(Unaudited)

SEPTEMBER 30, 2023

Sewer Rate Structure		
Residential Rate Structure		
Sewer	Inside City Limits	Outside City Limits
Minimum Charge	28.24	40.01
Rate per 1,000 gallons	4.12	6.18
Commercial/ Multi Unit Rate Structure		
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	17.36	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

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
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
2023	2,338,330,695	12,927,016	1,151,925	11,775,091

Year Ended September 30	Ratio Net General Bonded Debt to Assessed Value	Estimated Population	Net General Bonded Debt Per Capita
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
2023	0.50%	12,391	950

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, 2023

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
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
2023	8,048,505	74,774,872	460,015	-	4,878,511	74,655,000

*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
\$ 1,407,137	\$ 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%
4,830,027	133,810,613	11,490	11,646	35,997 *	32.35%
2,411,555	172,253,700	11,852	14,534	39,715	36.60%
853,375	163,670,278	12,391	13,209	45,579	28.98%

ESTIMATED DIRECT AND OVERLAPPING AD VALOREM
SUPPORTED GROSS DEBT STATEMENT

AS OF SEPTEMBER 30, 2023
(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	\$ 82,065,271	100.00%	<u>\$ 82,065,271</u>
Total Direct Debt			<u>82,065,271</u>
<u>Overlapping:</u>			
• Granbury Independent School District	76,845,000	23.18%	17,812,671
• Hood County	1,542,000	23.27%	<u>358,823</u>
Total Overlapping Debt			<u>18,171,494</u>
<u>Total Direct and Overlapping Consolidated Gross Debt Outstanding</u>			<u>\$ 100,236,765</u>
Direct and Overlapping Gross Debt Per Capita		A.	\$ 8,089
Ratio of Direct and Overlapping Gross Debt to 2021 Net Assessed Valuation		B.	4.29%

A. Based on population estimate of 12,391 as of 9/30/2023.

B. Based on the assessed valuation of \$2,338,330,695 for tax year 2022.

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, 2023
(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>0.38000</u>
Available Tax Rate	<u>\$ 2.120</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>
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
2022	2022-2023	2,338,330,695	58,458,267	8,490,613	49,967,654

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
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 *
2023	27,585,358	16,635,331	10,950,027	-	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.

CITY OF GRANBURY

TABLE 20

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

Last Ten Years
(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Charges</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
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%
2023	2,903,287	2,042,311	4,945,598	20,974,043	23.5796%

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>
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%
2023	2,338,330,695	*	*	*	*

* Due to a security breach in July 2023, all systems were taken offline and not fully restored by time of publication, therefore the building permit data is currently not available.

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>
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
2023	12,391	3.1%	7,954	45,579

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	2023		
		Employees	Rank	% of Total Employed
Granbury ISD	School District	1,469	1	4.9%
Lake Granbury Medical	Medical Services	700	2	2.3%
Walmart Supercenter	Retail	450	4	1.5%
Hood County	County Government	364	3	1.2%
H - E - B	Retail	363	4	1.2%
City of Granbury	Municipal Government	202	5	0.7%
Integrity Biochem	Manufacturing-Chemicals	190	6	0.6%
First National Bank of Granbury	Banking & Finance	163	7	0.5%
Lowe's	Home Improvement	160	8	0.5%
Kroger	Retail	153	9	0.5%
Home Depot	Home Improvement	153	10	0.5%
Granbury Care Center	Nursing Home	135		0.4%
Culberson Construction	Hombuilders	100		0.3%
United Cooperative Svc	Utility Services	50		0.2%
	Total	4,652		15.5%

SELECTED BUSINESS STATISTICS

	2023	2022	2021
Total Number Employed, Hood County	30,038	28,490	27,297
Number of Business Establishments, Hood County	1,694	1,683	1,602
Number of Households, Granbury	5,165	4,883	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

2013		
Employees	Rank	% of Total Employed
1,000	1	3.6%
424	2	1.5%
417	3	1.5%
355	4	1.3%
200	6	0.7%
170	8	0.6%
150	10	0.5%
187	7	0.7%
325	5	1.2%
151	9	0.5%
<u>3,379</u>		<u>12.3%</u>

2020	2019	2018	2013
25,641	26,820	26,127	27,511
1,557	1,515	1,444	1,438
4,091	3,996	3,744	3,806

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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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Building Inspectors	12	12	10	8	10	9	8	9	10	9
Computer Install, Inspec	4	4	2	1	2	3	3	3	3	3
Street & Road Repair	7	7	7	7	7	7	7	7	7	7
Drivers	3	3	2	3	3	3	3	3	3	3
Airport Operations	4	4	4	6	6	6	6	6	6	6
Waterworkers	25	25	24	24	20	19	19	16	14	15
Electric Distribution	8	8	7	7	7	7	8	7	7	7
Sewage Treatment	16	16	15	15	14	9	9	9	9	9
TV or Radio	2	2	1	1	1	1	1	1	1	2
Firefighters-Volunteer	65	54	54	58	49	58	62	35	47	35
Police Officers	47	46	45	46	44	39	36	34	34	33
Warehouse Operation	2	2	2	2	2	2	2	2	2	2
Automobile Repair	4	4	3	3	3	3	3	3	3	3
Promotional/Development	2	1	-	4	5	2	2	2	2	6
Clerical-Office	47	47	39	46	44	36	36	36	37	39
Animal Control	1	1	1	1	1	1	1	1	1	1
Building Maintenance	14	15	13	13	12	13	13	13	12	14
Restaurants	7	7	8	5	5	6	6	6	6	5
Parks & Recreation	<u>25</u>	<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>
Total	<u>295</u>	<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>

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	2023	2022	2021	2020
City-Owned Equipment				
Vehicles	143	135	128	123
Mobile Equipment	112	108	105	104
Street Department				
Roadway (<i>in miles</i>)	64	64	64	62.4
City Parks				
Maintained Public Parks (<i>in acres</i>)	126	126	126	126
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	9	8	8	8
Water Department				
Water lines (<i>in miles</i>)	157.5	156.8	155.7	155.4
Wells	18	18	18	18
Water Plant	1	1	1	1
Sewer Department				
Lift Stations	43	43	43	44
Sewer lines (<i>in miles</i>)	52.3	50.8	50.5	50.2
Electric Department				
Overhead Line (<i>in miles</i>)	87	87	87	87
Underground Line (<i>in miles</i>)	26	25	24	23

Source: City of Granbury records

TABLE 25

2019	2018	2017	2016	2015	2014
145	146	137	132	142	152
89	88	114	119	117	123
62.4	57	55	54	53	51.5
110	110	110	110	110	110
8	8	8	8	8	8
9	9	9	9	9	9
1.5	1	1	1	2	2
2	2	2	2	2	2
4	4	4	4	4	4
2	2	2	2	2	2
1	1	1	1	1	1
2.93	2.75	2.75	2.75	2.5	2.5
1	1	1	1	1	1
75	75	75	75	75	75
9	9	9	9	7	7
8	8	8	8	5	5
151.5	150.0	135.0	135.0	121.5	109.4
36	36	36	36	33	30
1	1	1	1	1	1
43	42	42	42	43	40
46.4	44.9	44.9	44.9	44.4	43.0
87	87	87	87	87	87
23	17	13	11	11	11

CITY OF GRANBURY

OPERATING INDICATORS

LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Municipal Court				
Citations Processed	1,662	2,053	2,409	2,002
Police Department				
Calls for Service	27,085	30,816	28,483	26,541
Arrests	645	764	791	669
Accidents	1,103	1,217	1,085	953
Fire Department				
Calls for Service: Fire/Rescue	1,185	1,104	944	925
Calls for Service: EMS	391	369	421	365
Community Services				
Building Permits Issued	*	471	679	939
Building Permits Value (\$)	*	45,633,467	111,739,613	100,944,108
	*	-59%	11%	52%
Utility Department				
Electric Connections	3,887	3,577	3,470	3,439
Water Connections	6,600	6,550	6,257	6,067
Sewer Connections	5,565	5,528	5,088	4,927
Electric Department				
KWH Sold	95,642,747	96,727,254	88,712,480	89,652,143
Water Department				
Well Production (<i>in gallons, 000</i>)	141,927	141,327	262,492	302,000
Water Plant Production (<i>in gallons, 000</i>)	832,832	887,831	580,816	509,701
Water purchased (<i>in gallons, 000</i>)	-	-	-	-
Wastewater Department				
Discharge Flow (<i>in gallons, 000</i>)	482,616	455,494	487,816	468,239

Source: City of Granbury records from departments.

TABLE 26

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
2,004	1,898	1,480	1,715	1,480	1,617
20,920	21,762	21,326	21,453	19,620	22,129
693	757	661	606	655	714
881	952	959	736	948	872
916	946	921	817	753	770
251	260	269	731	740	138
357	376	328	235	228	249
66,617,919	63,941,951	55,733,558	43,439,911	45,685,267	53,181,956
4%	15%	28%	-5%	-14%	28%
3,376	3,341	3,313	3,317	3,304	3,286
5,776	5,659	5,393	5,366	5,314	5,209
4,797	4,798	4,415	4,156	3,977	3,891
90,564,811	93,003,141	88,061,026	89,408,844	93,693,230	94,826,877
300,990	290,294	510,595	531,715	511,391	524,689
432,200	378,813	45,380	48,311	69,448	81,505
-	13,600	110,856	98,670	85,706	59,696
515,495	473,960	464,185	509,657	500,186	345,939

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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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Granbury, Texas’ internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 of Granbury, Texas’ financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 City of Granbury, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
March 19, 2024

**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, 2023. 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, 2023.

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 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
March 19, 2024

CITY OF GRANBURY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Agriculture: Community Development Block Grant	14.228	CDV21-0085	\$ 27,418
Total Passed through Texas Department of Agriculture			<u>27,418</u>
Subtotal assistance listing number 14.228			<u>27,418</u>
Total U. S. Department of Housing and Urban Development			<u>27,418</u>
<u>U. S. Department of Justice</u>			
Passed through Texas Office of the Governor: Edward Byrne Memorial Justice Assistance Grant Program	16.738	4452001	<u>66,738</u>
Total Passed through Texas Office of the Governor			<u>66,738</u>
Subtotal assistance listing number 16.738			<u>66,738</u>
Total U. S. Department of Justice			<u>66,738</u>
<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	<u>46,180</u>
Total Passed through Texas Department of Emergency Management			<u>46,180</u>
Subtotal assistance listing number 21.027			<u>46,180</u>
Total U. S. Department of Treasury			<u>46,180</u>
<u>U. S. Environmental Protection Agency</u>			
Passed through from Texas Water Development Board : Capitalization Grants for Drinking Water State Revolving Funds	66.458	L1000980	<u>9,101,459</u>
Total Passed through from Texas Water Development Board			<u>9,101,459</u>
Clean Water State Revolving Fund Cluster 66.458			<u>9,101,459</u>
Total U. S. Environmental Protection Agency			<u>9,101,459</u>
 Total Expenditures of Federal Awards			 <u>\$ 9,241,795</u>

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, 2023

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, 2023

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, 2023

None.

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